

ANGLIA RUSKIN UNIVERSITY

**CORPORATE SOCIAL RESPONSIBILITY FOR THE
KNOWLEDGE INTENSIVE SERVICES SECTOR**

KEVIN KELLY

**A thesis in partial fulfilment of the requirements of
Anglia Ruskin University for the degree of Doctor of Philosophy**

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ANGLIA RUSKIN UNIVERSITY

ABSTRACT

FACULTY OF ARTS LAW AND SOCIAL SCIENCES

DOCTOR OF PHILOSOPHY

**CORPORATE SOCIAL RESPONSIBILITY FOR THE
KNOWLEDGE INTENSIVE SERVICES SECTOR**

KEVIN KELLY

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The following research examines current approaches to corporate social responsibility (CSR) in the knowledge intensive services sector of industry. The primary aim of this research is the development of a conceptual framework that informs the development and continuous review of the CSR process for businesses that operate in these sectors. It is anticipated that the framework can also play a role in facilitating compliance with section 172 of the Companies Act in the United Kingdom.

To enhance the prospect of achieving the primary research aim the following supplementary objectives were also identified:

- 1) To critically evaluate current approaches to CSR in the knowledge intensive services sector.
- 2) To determine the appetite and expectation for stakeholder focused governance in the knowledge intensive services sector.
- 3) To evaluate responses to constraining and enabling characteristics of CSR in the knowledge intensive services sector.
- 4) To explore the potential role and implications of a CSR guidance framework for the knowledge intensive services sector.

This research utilises a multiple case study approach with a focus on three case study subjects, each of whom are market leaders in their respective (knowledge intensive services) sectors of industry and each of whom have demonstrated significant investment and success in their approaches to CSR to date. Qualitative methodology was employed to collect the primary data whilst quantitative methods were employed for the collection of supplementary data for the purposes of triangulation.

Using grounded theory methodology, the qualitative data was analysed and the findings conceptualised and coded. This resulted in four key categories being identified and linked to a core category and forms the basis of the ultimate framework. Grounded theory analysis also accounts for the compilation of the supplementary propositions which accompany the framework.

This research evidences an acceptance of the need for a more stakeholder focused approach to corporate governance in the knowledge intensive services sector and the resultant framework provides a pathway through which this can be achieved.

Key Words: Corporate Social Responsibility, Corporate Governance, Stakeholder Accountability, Knowledge Intensive Services.

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Chapter One - Introduction

1.1 Introduction

This introductory chapter has been developed to provide the reader with an insight into the rationale, aims and objectives of this research undertaking. In doing so, an explanation of the background, importance and scope of the research is presented and the structure of the thesis clearly outlined.

1.2 Research Aims and Objectives

Corporate Social Responsibility (CSR) has been a notable feature on the corporate landscape for a number of years and is one that continues to draw attention. It can be argued that the concept is now at its most prevalent which ensures a high degree of interest and output from research communities from a variety of backgrounds around the world (Ismail, 2011). The cross disciplinary nature of CSR ensures that these research outputs encapsulate a diverse range of subjects including law, finance, sociology, environmental studies and business management and so ensures a relevance across the business spectrum.

This research focuses on the investigation of CSR as it exists in the knowledge intensive services sector of industry with the aim of developing a conceptual framework that can inform and influence future CSR activity in these sectors. Knowledge intensive services can be defined as being services and business operations that are heavily reliant on professional knowledge, or as Windrum and Tomlinson (1998, p.3) propose 'private sector organisations that rely on professional knowledge or expertise relating to a specific technical or functional domain'. Examples of knowledge intensive services can include banking, finance, insurance, accounting, computer and IT services, legal services, management consulting, marketing, sales, public relations and research and development (Windrum, Flanagan and Tomlinson, 1997). A combination of professional experience (see section 1.3) and a comprehensive literature review (see section 2.17) resulted in the knowledge intensive services sector being identified as being under-researched in terms of CSR and lacking in guidance for the development and implementation of appropriate CSR strategies and approaches for the sector.

The primary aim and theoretical contribution of this research is to develop and empirically test a conceptual framework that informs and influences the development, maintenance and continuous improvement of CSR processes for businesses operating in the knowledge intensive services sector. It is anticipated that the guidance provided through this framework will also enhance the prospect of compliance with section 172 of the Companies Act 2006.

To ensure the research outcome presents a valid contribution to knowledge in both academic and practical terms, a case study methodology has been used whereby data was collected from three case study subjects, each of whom are market leaders in their respective (knowledge intensive services) sectors of industry and each of whom have demonstrated significant investment and success in their approaches to CSR to date. The resultant data was then analysed using grounded theory methodology, whereby a framework was developed and empirically tested to ensure its integrity and value.

To enhance the prospect of achieving the primary research aim, the following supplementary objectives were also identified:

- 1) To critically evaluate current approaches to CSR in the knowledge intensive services sector.
- 2) To determine the appetite and expectation for stakeholder focused governance in the knowledge intensive sectors.
- 3) To evaluate responses to constraining and enabling characteristics of CSR in the knowledge intensive sectors.
- 4) To explore the potential role and implications of a CSR guidance framework for the knowledge intensive sectors.

As well as providing a contribution to knowledge, this research develops on existing research in the fields of corporate governance, management and regulatory and statutory compliance.

1.3 Background and Motivation for the Research

The study of CSR as an independent discipline is a relatively recent phenomenon (Lantos, 2001) and to researchers it can represent the appealing challenge of reconciling stakeholder value with shareholder value. To this end it can be considered an area of applied research upon which a focus is placed on the betterment of both business and society. The assumption that business plays a key role in structuring a better society continues (Kramer and Porter, 2011) as does the increasing necessity for stakeholder accountability (Rasche and Esser, 2006). CSR has transcended from ideology to reality and is now acknowledged as playing an integral role in contemporary business practice (Towers Watson, 2008). The concept itself continues to evolve with continuous change being applied to both its meaning and practice (Ismail, 2009; Lee, 2008). Business leaders realise that CSR is important to their success in the 21st century (Hsu, 2010) and so exists a continuing requirement for effective CSR guidance. Whilst there is a significant amount of literature focusing on defining CSR and its characterisation (Dahlsrud, 2006; De Bakker *et al.*, 2005) and best practice (Bansal, 2006; Slaper and Hall, 2011), there remains very little concerning

its development and implementation, especially for those businesses of a minimally invasive nature.

CSR is in itself a forward thinking strategy for assessing social risk and successful strategies will transcend a multitude of disciplines and depend on a high degree of co-operation between internal and external stakeholders. The development of such strategies is heavily influenced by the nature of the business and the context in which it operates. The increasing amount of companies participating in CSR across the spectrum of industry has resulted in a growing number of related guidelines, directives and principles being developed. However, there remains a notable absence in absolute standards. Despite this, the vast majority of multinational companies are now displaying CSR policies and disclosing, in addition to their financial results, information relating to their social and environmental performance. Until recently this disclosure and indulgence in CSR was for the large part a result of good management (Akpınar *et al.*, 2008) and/or stakeholder pressure (Perez-Batres, 2012). Whilst this remains the case in many instances, there is now an increasing number of countries where CSR is fast becoming a result of statutory requirement with one of the most notable instances being in the United Kingdom (UK) where the introduction of S.172 of the Companies Act 2006 has enshrined in Director's Duties, the duty to 'promote the success of the company' through the consideration of stakeholders in business decision making.

Whilst the introduction of S.172 demands stakeholder consideration, the implementation of CSR, much like corporate governance, has been largely encouraged through the use of 'soft law' directives. Soft law being defined as 'regimes that rely primarily on the participation and resources of non-governmental actors in the construction, operation and implementation of a governance arrangement' (Kirton and Trebilock 2004, p.9). The evolving nature of CSR means that soft laws are at present the most effective, as the standards they espouse are likely to vary in response to different generations and cultures (Daugherty, 2001).

The absence of legal frameworks to govern approaches to CSR has resulted in the development of a variety of soft law frameworks that seek to provide the necessary guidance. Influential examples of these include the UN Global Compact, the International Standard ISO 26000 Guidance on Social Responsibility and the Global Reporting Initiative. Whilst these represent general examples of CSR guidance there are now also an increasing number of industry specific guidance frameworks being developed, examples being the 'prisme2 initiative' from the European Chemical Industry Council and the 'Building Responsible Competitiveness' initiative from the construction sector.

A review of these industry specific guidance frameworks reveals the vast majority have been developed for the primary and secondary sectors of industry where there is far greater potential for

negative impact on communities and the environment. Businesses operating in these sectors tend to face a high degree of stakeholder expectation/pressure and are therefore expected to respond through the development of targeted CSR strategies. As key issues in CSR vary according to the nature of the industry it is important that guidelines are developed to address industry specific problems. For example; the retail industry may have to deal with the risk of poor labour standards in their supply chain whilst the mining industry may have to contend with human rights issues in local communities (European Commission, 2012).

Of all of the guidance apparent in the review very few examples were found that were applicable to the knowledge intensive services sector. Whilst the minimally invasive nature of these sectors ensures a much lower level of stakeholder expectation for CSR this does not preclude them from including stakeholder consideration in their decision making. This is not to say that CSR is non-existent amongst the knowledge intensive services sector as there is much evidence to suggest a thriving existence. However, in comparison with the primary and secondary sectors CSR in the knowledge intensive services sector remains an under developed phenomenon and so represents a fertile area for research, particularly in respect to the area of a guidance framework.

Such has been the rapid uptake of CSR in recent times that the corporate community is now nearing a stage where 'there is virtually no industry, market or business type that has not experienced growing demands to legitimate its practices to society at large' (Crane *et al.*, 2008, p.1). Whether this is as a result of stakeholder pressure, good management or statutory requirement, the increasing requirement for CSR to be practiced ensures that it is no longer solely the domain of progressive companies but rather that of common practice across the many sectors of industry.

The need for such a framework first presented itself to the researcher whilst working in the knowledge intensive services sector. Whereupon being tasked with participating in the development of a CSR strategy for the company it became apparent that there was no appropriate guidance to aid the task. This lack of guidance posed a direct hindrance to the task and resulted in the process taking substantially longer than anticipated. The lack of guidance for the CSR process in the knowledge intensive services sector highlighted a clear gap in knowledge and proved to be the catalyst for this research undertaking.

1.4 Key Concepts

What follows is an introduction to the two key areas that frame this research. These being, CSR itself and the knowledge intensive services sector of Industry.

1.4.1 CSR: An introduction

'Business started long centuries before the dawn of history, but business as we now know it is new - new in its broadening scope, new in its social significance. Business has not learned how to handle these changes, nor does it recognise the magnitude of its responsibilities for the future of civilisation'.

- Donham (1929)

CSR as a concept is both one of the oldest and yet one of the newest components of corporate governance. Whether it be under the traditional guise of philanthropy or a more innovative endeavour, corporate history can evidence a consideration beyond the balance sheet in many instances. However, these instances until relatively recently had not nearly been enough.

The introductory quote for this section was made by a former Dean of Harvard Business School, Wallace B Donham, in 1929 and demonstrates that even then, in the early part of the twentieth century, there was a recognition that the responsibilities of business surpassed that of just shareholder value to the broad range of stakeholders upon which its operations impacted. Preliminary research for this thesis revealed that it took the best of 70 more years for these considerations to become a recognised topic in the mainstream of management practice.

This recognition correlates with an 'unprecedented rise of CSR language, tools, actors, strategies and practices in industry all over the world' (Visser *et al.*, 2010, p.IX). Such has been the embracement of the concept that international organisations, such as the United Nations, the World Bank, and the Organisation for Economic Cooperation and Development (OECD) now actively promote CSR, as do several European governments and the European Union. This is evidenced by the emergence of groups such as the European Coalition for Corporate Justice (ECCJ) which represents a diverse range of civil society organisations from across Europe such as CORE UK, the Dutch CSR Platform, the French Forum Citoyen pour la RSE, and the German CORA and has a vision of 'a sustainable world in which corporations' drive for profit is balanced by the interest of society at large and respects, social, human and environmental rights' (ECCJ, 2006). The increasing level of interest in all things CSR has resulted in numerous organisations and publications regularly monitoring, reporting and rating aspects of corporate social performance with many offering awards for the most virtuous (Vogel, 2005). The CSR trend is now such that Sacconi (2004, p.1) commented that 'it seems that there is no trade or business association, local or national public authority, firm or university throughout Europe giving up the opportunity of organising a conference or a meeting on the theme'.

Conceptualisation of the role of business in society continues to evolve with words such as obligation, responsibility, responsiveness and consciousness being used interchangeably to describe how business should address its stakeholder expectations. The use of these terms in relation to the role of business in society are based on an assumption of responsibilities beyond those of economic and legal (McGuire, 1963) or as Carroll (1979, p.500) supposes 'the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time'. CSR as a concept is underpinned by the notion that businesses can no longer act as isolated economic entities where they operate in detachment from broader society and which challenges traditional views on competitiveness, survival and profitability (International Institute for Sustainable Development, 2012).

Despite a general agreement in the very broadest sense on what CSR and stakeholder accountability should entail the complex nature of CSR ensures that there remains an absence of consensual definition (Thomas and Nowack, 2006; Idemudia, 2008; Corporate Social Responsibility Initiative, 2012). There currently exists only a limited understanding as to the conceptuality of CSR which for the main is a result in the lack of precise definition. Debate around a definition is contentious as the scope and assumptions of CSR can vary according to differing contexts and perceptions in academia, the corporate world and society (Dahlsrud, 2006; Abreu and David, 2004). The continuing debate has even led to the suggestion that a 'one solution fits all' definition for CSR should be abandoned in favour of more specific definitions which match a firms development, awareness and ambition levels (Marrewijk, 2002).

The following are examples of some of the more generally accepted definitions which define CSR as being:

'the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'.

- World Business Council for Sustainable Development (2000, p.3)

'about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment'.

- The Institute of Directors, UK (2002, p.10)

'the responsibility of enterprises for their impacts on society'.

- European Commission (2011, p.6)

The above definitions provide a (very) broad description of CSR however the generality and vagueness that is evident gives credence to the argument for more contextual based definitions. An interview at the early stages of this research with a CSR professional with extensive experience of CSR within the FTSE 100 revealed his belief that regardless of definitions, or at least attempts at definitions, CSR is a highly contextual concept which required the development of 'bespoke' programmes for companies and industries. It became apparent during the course of this research that a considerable amount of time and effort has gone into defining CSR, the end result of which (at least at the time of writing) has been very little difference in the many definitions on offer. An analysis of 37 definitions of CSR by Dahlsrud (2006) revealed a key theme of stakeholder governance (albeit worded in different ways). This theme consisted of five dimensions; environmental, social, economic, stakeholder and voluntariness and whilst they apply different phrases, the definitions are 'predominantly congruent, making the lack of one universally accepted definition less problematic than it might seem at first glance' (ibid, p.7). The subjectivity of CSR renders a consensual explicit definition very unlikely and while many of the current definitions of CSR are adept in their description of the phenomena in general terms, an implicit view must be taken in respect of the application of CSR in contextual terms.

With this in mind the researcher felt it necessary to choose an implicit definition that best reflected CSR in its contemporary form whilst also covering traditional expectations for the purpose of reference. After a review of existing definitions and despite a reluctance to enter the definition debate it was decided that an expansion on current offerings was necessary and so the following definition is offered by the researcher:

'CSR is the obligation on businesses to effectively manage their potential for both positive and negative impacts on the environment and communities in which they operate'.

Rather than just adding to the existing list of definitions, this one differs in that it argues specifically for the management of the 'potential' impact and so infers CSR should be included in long term business strategies. Emphasis is also placed on the management of a firm's potential for positive impact as well as that of negative which is a key theme of the 'shared value' approach, the current offering from Kramer and Porter (2011) which is discussed in greater detail in the literature review. The use of the word obligation is due to the statutory requirements of section 172 CA 2006, so in this respect the definition is UK specific, however the obligation can refer to an ethical obligation rather than legal thus making this definition applicable on a global basis.

Despite the different definitions of CSR there is a commonality of purpose which is a general focus on stakeholder consideration and whilst many of these differ purely on technicalities their continuing development demonstrates a continued interest in CSR which can only benefit the development of the concept. That said, there is another debate which is closely related that has given rise to confusion over what is expected from CSR. This debate focuses on the increasing amount of labels applied to CSR type activity and so what follows is an overview of this debate and an explanation of why this research opts for the 'CSR' moniker.

1.4.1.1 CSR Terminology

CSR is one of many labels used to describe stakeholder focused approaches to corporate governance. Others include sustainability, corporate citizenship, corporate responsibility, corporate social performance, shared value and triple bottom line. Where once CSR was the generally accepted label it now faces heavy competition from 'Corporate Responsibility' (CR) and what appears to be the term *de jour*, 'Sustainability'. This pattern is confirmed in a recent analysis of the FTSE100 which shows that only 9% of companies now use the term CSR with 53% opting for CR with the other popular terms being Sustainability (14%) and Sustainable Development (8%). Only three of the 100 top companies did not refer to any of the terms (Black Sun, 2011).

The co-existence of differing labels for conceptualisations with minimal differences all of whom built on the same philosophy has led to many businesses being confused as to what is expected of them (Den Hond *et al.*, 2007). General discourse in the area of CSR has resulted in the many definitions seen in the previous section and a significant increase in labels for a topic that only twenty years ago was still a vague concept. It can be argued that the many labels now on offer are the result of attempts at product differentiation by CSR consultants, corporate marketing or academic pigeonholing. Regardless of the reason these labels can (and do) lead to confusion and disagreement amongst those tasked with applying their philosophies (Werther and Chandler, 2010) which in turn results in them hindering progress. This hindrance was apparent in at least one of the case study subjects in this research and is discussed in chapter six. A valiant attempt at dispersing some of the confusion created by these labels was put forward by Webb (2011) who proposes that 'Sustainability is a paradigm. Ethics and principles help us navigate the choices to get there. Responsibility helps us understand how to be accountable, and where' and so he argues that the label should be immaterial.

It is not the intention of this research to debate the merits of each term as to do so would prove a distraction from the stated aims and objectives. Given that the constituents of the term CSR

'corporate' 'social' and 'responsibility' sufficiently describe the ethos of stakeholder governance it was decided that CSR remain as the preferred term for the purpose of this research.

1.4.2 The Knowledge Intensive Services Sector - An Introduction

Where this research differentiates itself from the vast majority of CSR research is its focus on sectors of industry often referred to as being the knowledge intensive services sector. In terms of CSR these sectors tend not to have the same level of expectation for CSR (thus far) and so levels of CSR activity can vary significantly. What follows is an explanation of the knowledge intensive services sector and why it provides a fertile ground for CSR focused research.

'The transition from an agricultural to an industrial economy, which began in England and has been repeated in most of the Western world, has been characterized as a "revolution". The shift from industrial to service employment, which has advanced furthest in the United States but is evident in all developed economies, has proceeded more quietly, but it too has implications for society, and for economic analysis, of "revolutionary" proportions'.

- Fuchs (1968, p.2)

Economic success in post industrial economies has become increasingly dependent upon the effective utilisation of intangible assets such as knowledge, skills and innovative potential as the key resource for competitive advantage (Economic and Social Research Council, 2005). This emerging economic structure is often referred to as a 'knowledge based economy' (OECD, 1996) or 'knowledge intensive services sector' (Windrum and Tomlinson, 1999) and is a result of 'trends in advanced economies towards greater dependence on knowledge, information and high skill levels, and the increasing need for ready access to all of these by the business and public sectors' (OECD, 2005, p.28). Products of the knowledge based economy distinguish themselves from those of the manufacturing industry through the different types of knowledge used. Manufactured products contain a high degree of codified knowledge whereas products of the knowledge economy contain high degrees of tacit knowledge (Windrum and Tomlinson, 1999). The knowledge economy is characterised by its use of human capital where people are typically the firm's most valuable asset as the firm's value is mainly generated through the application of its employees' skills and knowledge (Botazzi and Da Rin, 2005). As with CSR there have been various attempts at defining this sector but the preferred definition for this research is taken from the former Department of Trade and Industry (DTI) in the UK which describes the knowledge based economy as:

'one in which knowledge is the key resource... one in which the generation and the exploitation of knowledge has come to play the predominant part in the creation of wealth. It is not simply about

pushing back the frontiers of knowledge; it is also about the more effective use and exploitation of all types of knowledge in all manner of economic activity'.

- DTI, Competitiveness White Paper (1998)

The knowledge sector, also referred to as the quaternary sector (Selstad, 1990) delineates from the tertiary sector of the traditional 'three sector hypothesis of industry' (Kruger, 2008). The three sector hypothesis of industry consists of the 'primary sector' which refers to the exploitation of natural resources to satisfy the basic needs of society, the secondary sector which refers to the production of consumption and investment goods and the tertiary sector which refers to the provision of services that are generated primarily by the commitment of labour but also by using capital goods such as buildings and computers (ibid). In the UK the contribution of the knowledge sector to the economy has been significant as it has 'driven UK growth for the last 40 years, contributing 66% of all growth since 1970 and 7.3m new jobs since 1978' (Levy, as quoted in Aldrick, 2011).

The emergence of a knowledge economy is typified by an increase in demand for related knowledge intensive services.

The knowledge intensive sector provides non-core services to companies across the economic spectrum and is now regarded as a fundamental contributor to EU competitiveness (European Monitoring Center on Change, 2006). The level of employment in knowledge intensive services in the EU currently stands at 38.5% (83.3 million workers) (European Centre for the Development of Vocational Training, 2012). There is currently every indication that this trend will continue as statistics show that the period 2008 - 2010 shows an increase of 2.1% (1.7 million jobs) in this sector (ibid).

The emergence of the knowledge economy is a result of two defining forces: the rise in the knowledge intensity of economic activities and the increasing globalisation of economic affairs (Houghton and Sheehan, 2000). The nature of the knowledge economy is such that stakeholder collaboration is relied upon for its continued success (Steyn, 2002 and EC Competitiveness Report, 2008). For this success to continue there must be a high degree of trust between collaborators and as so reputation and relationship building are significant. The development and implementation of effective CSR policies and programmes can play an integral role in both of these areas, yet a review of CSR literature for the knowledge intensive services sector reveals little in the way of guidance and so ensures the relevance of this research.

1.4.2.1 The 'Minimally Invasive' Nature of the Knowledge intensive services sector

The term 'minimally invasive' is proposed by the researcher to describe, in CSR terms, businesses that are characterised by their minimal potential for negative impact on the communities and the environments in which they operate. The term minimally invasive provides an appropriate description for the knowledge intensive services sector as the product of knowledge ensures a much lower propensity for negative impact than that of the output of the primary and secondary sectors.

Before any further explanation of the term minimally invasive is presented it has been decided that the term invasive, in relation to CSR is explained. Whilst deciding how best to proceed with this the researcher came across the following paragraph which summarises how businesses can be invasive through their operations:

'I was driving through Maine one late summer day when I stopped to admire a river running through a pretty wooded area. I noticed big, slick bubbles of industrial discharge corroding the vegetation along the riverbank, and I wondered: Who wants this to happen? Not the owners of the company, the shareholders. Not the managers or employees, who want to live in a healthy environment. Not the board of directors, not the community, not the government. I could not think of anyone connected with the company emitting the effluent who wanted the result I saw. This was an unintended consequence of the corporate structure. The very aspects of the company's design that made it so robust, so able to survive changes in leadership, in the economy, in technology, were the aspects that led to this result pollution that no one wanted, and everyone would pay for'.

- Monks and Minow (1991)

This excerpt represents for many, all that is bad about business. It highlights a damaging by-product of profit and is typical of the more traditional catalyst for CSR. The scenario is representative of how business can be invasive of the community, environment and society and highlights the potential for negative impact by the primary and secondary sectors of industry. The above scenario would be an unlikely result of the operations of firms operating in the knowledge intensive services sector. The by product of their direct output is relatively minimal in terms of negative impact on communities and the environment which is why the term 'minimally invasive' was deemed an appropriate descriptor for firms operating in this sector. In scenarios such as that above, the focus for CSR strategies can be obvious, but this is less so for businesses operating in the knowledge intensive services sector. The minimally invasive nature of these sectors means that developing effective CSR strategies can prove difficult due to a lack of guidance, literature and relative lack of stakeholder expectation.

1.4.2.2 Proposing a Definition of the Term ‘Minimally Invasive’

The term minimally invasive is used throughout this research to describe businesses with a lower potential for negative impact on society. Negative impact in broad terms can include instances of environmental pollution, human rights abuses, unsafe workplace conditions and corruption (Global Compact, 2012). Whilst all businesses have the potential for negative impact, the degree of this exposure can be dependent on the nature of the industry. Industries such as those in the knowledge intensive services sector which relies predominantly on social and intellectual capital (Swart and Kinnie, 2002) would have a significantly less impact than those that operate in the energy or extractive industries and so the term ‘minimally invasive’ can be applied. Therefore for the purpose of this research the following definition is proposed for a minimally invasive business entity as being:

‘A business entity that operates in sectors of industry through which their core operations have a low potential for negatively impacting the communities and environments in which they operate’.

It must be emphasised at this stage that the term ‘minimally invasive’ in this context has no application to the potential for positive impact of business in society.

1.5 Determinants of CSR in the Context of the Knowledge Intensive Services Sector

The concept of CSR has evolved significantly since its philanthropy days (Carroll, 1999) and there is now almost a universal expectation for businesses to address their social responsibilities. Stakeholder pressure to adopt CSR practices is manifested on a sectoral level throughout industry (Venanzi and Fidanza, 2006), therefore uniformity in CSR practices at a sectoral level is common as these practices have been developed to address similar challenges and adhere to industry specific regulation and is consistent with DiMaggio and Powell’s (1991) characterisation of the ‘organisational field’. Stakeholder expectation and pressure can vary according to sector where the extent of which can be largely based on the perceived risks associated with industry operations (Marsh, 2009; Lo *et al.*, 2009).

Modern CSR programmes recognise the risks associated with their business and the need to work within the norms and expectations that exist alongside market forces. Of these norms and expectations some may take the form of legal requirements while others reflect ethical norms which can be equally as important (Spence, 2011). The potential (or actual) impact of industries with high levels of risk such as the oil industry, which has recently experienced the largest marine oil spill in the history of the industry, resulting in the deaths of 11 workers and the release of

approximately 4.9 million barrels of crude oil into the Gulf Mexico (The Telegraph, 2010), ensures a higher level of regulation. The result of which sees firms operating in these industries developing explicit CSR policies to address stakeholder concerns or to comply with this regulation.

The stakeholder driven CSR policies seen in high impact industries tend to be far more defined and aligned with their relative businesses than those seen in lower impact industries. The minimally invasive nature of low impact industries has so far ensured relatively lower levels of stakeholder pressure and so there has been a lesser motivation for the development of 'comprehensive' CSR policies and regulation, the absence of which has ultimately hindered the progress of CSR in these sectors.

CSR has been described by the Kennedy School of Government's CSR initiative (2012) as encompassing 'not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance to address the manner in which companies manage their economic, social and environmental impacts and their stakeholder relationships in all their key spheres of influence: the workplace, the marketplace, the supply chain, the community and the public policy realm'.

Of the many determinants proposed for CSR there is a key distinction between those which are externally driven and reactive reflecting stakeholder influence such as societal expectation, legislation, certification and those that are internally driven by the strategic process and organisational culture/context is driven by business ethics, as well as the internal routines implemented by the management/owners (von Weltzien Høivik and Shankar, 2010).

The level of impact in different industry sectors can to a large extent dictate how CSR is approached therefore the reactivity seen in externally driven CSR is more prominent in the primary, secondary and certain areas of the tertiary sectors. Pro-active CSR appears more prominent in knowledge intensive industries due to the relative absence of external influence. This is conducive to the findings of the research where each of the businesses that were investigated cited their determinants as being internally driven with only a minimal element of external influence.

The proactive nature and lack of external pressure coupled with the current lack of available guidance combine to ensure that CSR in the knowledge intensive services sector is a distinct field of research. The overarching aim of this research is the provision of structured guidance for businesses that operate in these sectors on the CSR process and so ensures the research output is a valuable contribution to knowledge.

1.6 Structure of the Thesis

This research explores the phenomena of CSR as it exists in the knowledge intensive services sector. In doing so a grounded theory approach is utilised to explore the factors that contribute to this process and so, in line with grounded theory research, a theory, rooted in data is proposed based on themes that have emerged from the analysis of the collected data. Validation is then sought for this theory and conclusions drawn as to its applicability in the context of the knowledge intensive services sector.

The thesis consists of twelve chapters. Chapter one provides an introduction to the research undertaking and explains its aims and objectives. The background and rationale are then explained along with an overview of the key concepts involved. Chapter two presents a two part literature review designed to sensitise the reader to the broader areas of both corporate governance and CSR. The first section focuses on corporate governance and explains the theories of shareholder value and stakeholder value and how they relate to CSR. The second section discusses the phenomenon of CSR through discussion of its evolution, motivations and existing guidelines. This section also highlights the gap in knowledge. Chapter three presents a conceptual framework of the CSR process that is broadly representative of CSR as it has emerged from the literature review. Chapter four explains the research philosophy, methodology and data analysis techniques employed throughout the research process and chapter five explains the case study selection and data collection processes.

The next three chapters six, seven and eight present the initial analysis of each of the case study subjects. Chapter nine compares and contrasts the findings of the studies of previous three chapters. Chapter ten explains the development of the CSR framework from grounded theory and chapter eleven focuses on the validation of this framework. The final chapter (twelve) brings together the key elements of the research and discusses the implications of the resultant framework in shaping the CSR process in knowledge intensive sectors.

Chapter Two - Literature Review

2.1 Introduction

The first chapter provided an introduction to the research, its key characteristics and its structure. This chapter will identify and critique appropriate areas of the intertwining concepts of corporate governance and CSR which underpin the research. In doing so the evolution of their relationship is examined and the argument for stakeholder accountability presented. The existing gap in literature is highlighted in the area of CSR guidance for businesses operating in the knowledge intensive services sector.

The aims of this chapter are as follows:

- 1) To introduce the general concepts of Corporate Governance and CSR.
- 2) To describe current literature in these fields.
- 3) To discuss the implications of these concepts for future of CSR.
- 4) To demonstrate a gap in existing literature in respect of the research objectives.

The chapter consists of two sections. The first of these is an analysis of corporate governance theory which focuses on the evaluation of key theories and discussion of their relation to the stakeholder and CSR. This provides a theoretical background about the subject area and provides context for the governance choices of firms operating in liberal market economies. The second section of this chapter focuses specifically on the concept of CSR with emphasis placed on current approaches, motivations and existing guidance.

Part One - Corporate Governance

2.2 Introduction to Corporate Governance

Corporate governance reform efforts are increasingly entwined with the social and environmental accountabilities of business. There is a growing appreciation for the need for governance to focus not only on achieving profit, but rather how this profit is achieved thus representing a convergence between the traditional bastion of shareholder value themed governance and that of the more inclusive stakeholder accountability approach. To that end the first section of this literature review focuses on how governance has evolved and the arguments for shareholder and stakeholder value.

'Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society'.

- Sir Adrian Cadbury, UK, Commission Report: Corporate Governance (1992)

Contemporary corporate governance debate reflects concerns over the long-term management and oversight of companies and whether or not they effectively utilise principles of transparency and responsibility (Russell, 2011. Du Plessis, *et al.*, 2012). Companies are now viewed as the primary vehicle for economic growth, competitiveness, and innovation (Cioffi, 2000) and how they are governed is of great interest not only in legal, economic and political spheres but also to the wider societies in which they operate. Effective corporate governance is fundamental to the long term success of a company and its implementation is charged to its board of directors who are ultimately responsible for a company's strategic management and executive supervision, whilst being accountable to a company's shareholders and other relevant stakeholders. A widely used definition of corporate governance comes from the Cadbury Report of (1992) which states that corporate governance is 'the system by which companies are directed and controlled'. For the purpose of this section of the chapter CSR is included as part of corporate governance. It will be discussed as a standalone concept later in the chapter.

Corporate governance although now 'fashionable' (Farrar, 1998) is not a new concept. The term 'governance' derives from the latin 'gubernare', meaning to steer (Soloman, 2007, p.1) and directly applies to those who participate in the direction of a company, thus meaning it has been practiced in one form or another since the inception of the corporate entity (Tricker, 2000). Contemporary corporate governance has seen many developments but at its most basic, there is little difference between the frameworks of large companies of the 18th century and that of the modern multinational company (Du Plessis, 2009).

Interest in the study of corporate governance systems has grown significantly over the past three decades (Gilson, 2000) resulting in numerous publications by a variety of sources including academics, economists, lawyers and sociologists providing differing interpretations of corporate governance, its successes and failings, its meaning and how it should be applied. The scope of corporate governance is such that a great number of stakeholders have a direct or indirect interest in its development with many arguing for its reform including 'international organisations, regional trading blocs, national governments with their various departments and regulatory organisations, professional associations across a range of disciplines, as well as market participants and representative bodies' (Copp, 2003, p.2). The efforts of such a wide variety of contributing

stakeholders has resulted in a plethora of conflicting opinions and recommendations. This section of the chapter analyses key opinions and recommendations so as to identify the most appropriate in the context of the stakeholder and CSR.

2.3 Corporate Governance Regulation

There is no single model of good corporate governance and different countries have developed different approaches that are in line with their legal frameworks and business traditions. Examples of these include the Sarbanes Oxley Act 2002 (US) and the UK Corporate Governance Code 2010. The UK approach to corporate governance is perceived as of being a very high standard and is ranked as being number one in the Governance Metrics International country valuations (2010). A common feature in the codes of corporate governance in the UK from Cadbury onwards is the avoidance of prescriptive rules (Cooper, 2004). Thus meaning that code provisions are enforced using a 'comply or explain' approach rather than setting out binding laws. This approach allows flexibility in the application of a code and is in keeping with the regulatory philosophy that 'one size does not fit all when it comes to board practices' (Gregory, 2002). This is especially true of the CSR related governance which can vary greatly between different industries and cultures (Burton *et al.*, 2000)

2.4 The Link between Corporate Governance and Optimum Performance

When it comes to the implementation of corporate governance it is inevitable that concerns will be raised by directors as to whether it actually adds value to a business. Research into the link between good corporate governance, CSR practices and financial performance shows evidence of a correlation. (Tsoutsoura, 2004; Ali Shah, 2009). Gompers *et al.* (2003) evidenced stronger stock returns in companies with more shareholder rights over those with less by using an investment strategy based on the purchase of shares from these companies and the sale of shares from companies with less shareholder rights. Bhagat and Bolton (2008, p.271) claim a 'consistent estimation of the relationship between corporate governance and performance, by taking into account the inter-relationships among corporate governance, corporate performance, corporate capital structure, and corporate ownership structure'. This does much to reinforce the notion that the perceived quality of a company's corporate governance can influence its share price (O Donovan 2003, Soloman, 2007).

This view is not universal and Foley *et al.* (2007) claim that corporate governance is a 'non factor' for research analysts when considering what stocks to buy and sell. It is also worthy of note that the perception of the effectiveness of corporate governance can be linked to market phases. Ertuk *et al.* (2004, p.678) note that 'governance promised much in the 1990s as long as the bull market

delivered equity value for shareholders; while the limits of corporate governance were demonstrated after the tipping point in the different circumstances of the early 2000s'. It is claimed in the foreword of the Financial Reporting Council's Report into 'The UK Approach to Corporate Governance' (2010) that 'good corporate governance is essential to the effective operation of a free market, which enables wealth creation and freedom from poverty'. If this is to be true it is essential for the UK to continuously monitor other countries' developments and approaches to corporate governance and their effectiveness so as to ensure their own approach does not adversely affect the competitiveness of UK companies. This might be especially important given the more stakeholder orientated governance structures seen in Germany and Japan.

The question of whether corporate governance should be applied purely to enhance the financial performance of a company is open to much debate. Traditionally the primary purpose of a company is to maximise shareholder value (Goodjik, 2007; OECD, 1999). This type of governance is often referred to as the shareholder approach and is geared towards the suppliers of finance to ensure that they will get a return on their investment (Shleifer and Vishny, 1997). This approach is widely used in the western business world, most notably the UK and USA, often being referred to as the Anglo - American approach to governance (Young, 2008). An alternative to this is the stakeholder model of corporate governance where the shareholder is seen as only one of a number of constituents in the corporate governance framework, along with groups such as customers, suppliers, employees, and local communities (Heath and Norman, 2004). This approach is common in countries such as Germany, France and Japan (Allen and Carletti, 2009).

The stakeholder model is becoming increasingly popular in the UK and USA where the concepts of and 'enlightened shareholder value' combined with market forces and corporate law (S.172 Companies Act 2006) are pushing for a move towards a more inclusive approach to governance on which more emphasis is placed on stakeholder accountability and the long-term sustainability of the company. However, this trend has yet to be comprehensively reflected in Corporate Governance Codes in the UK where the only reference to CSR can be seen in the supporting principles (A.1) where it is stated that 'the board should set the company's values and standards and ensure that its obligations to its shareholders **and others** are understood and met' (emphasis added).

2.5 Corporate Governance and UK Statute

Although governance regulation has so far avoided specific stakeholder guidance, this has not been the case with company law in the UK. The Companies Act 2006, which was the result of a major review of modern company law in the UK and has implications for directors, shareholders and auditors of private, public and quoted companies, now specifically references the need for

companies to address stakeholder expectations. Specific requirements are outlined below in respect to directors duties and corporate reporting;

- Enlightened Shareholder Value (S.172): A new duty for directors, broadly replacing the old duty to act in the company's best interest with the duty to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - (a) The likely consequences of any decision in the long term,
 - (b) The interests of the company's employees,
 - (c) The need to foster the company's business relationships with suppliers, customers and others,
 - (d) The impact of the company's operations on the community and the environment,
 - (e) The desirability of the company maintaining a reputation for high standards of business conduct, and
 - (f) The need to act fairly as between members of the company.
- Enhanced Business Review (S.417): Quoted companies will be required to include in their Business Review 'the main trends and factors likely to affect the future development, performance and position of the company's business' and information on their employees and environmental, social and community issues.

It is suggested that the Companies Act 2006 demonstrates (to a certain extent) a move away from the 'soft law' approach of governance codes in respect of corporate governance and the stakeholder. It will be interesting to see if this will aid the development of a culture where the wider consequences of business decisions are appropriately considered by directors and whether courts will interfere where there is a lack of clear evidence to show that this is the case.

Section 172 of the Companies Act 2006 was a significant influence on this research as it was felt that there was not yet a governance/CSR model that specifically addressed its requirements. From this section of the chapter there is clear evidence of a trend towards a more stakeholder orientated form of governance which in turn is resulting in an increasing demand for guidance, such as that offered by the CSR framework developed through this research. What follows next is a detailed analysis of both shareholder and stakeholder approaches to governance. This analysis provides for a greater understanding of the changing nature of the corporate purpose and the debate that surrounds it whilst also detailing why the shift in governance focus towards stakeholder accountability ensures the relevance of this research.

2.6 Shareholder Primacy

'A corporation is an artificial being, invisible, intangible, and existing only in contemplation of law. Being the mere creature of law, it possesses only those properties which the charter of its creation confers upon it, either expressly or as incidental to its very existence. These are such as are supposed best calculated to effect the object for which it was created'.

- Chief Justice Marshall

Trustees of Dartmouth College versus Woodward, 17 U.S. (4 Wheat.) 518 (1819)

As the popularity of the corporate form as a vehicle for business grew, so too did the need for capital to expand these businesses. This led to a rise in the number of equity investors and greater dispersion of ownership thus giving rise to the need for corporate management to manage on behalf of these shareholders (Colombo, 2008). Berle and Means (1932) termed this 'the separation of ownership and control' which in turn gave rise to the doctrine of shareholder value (Kelly and Gamble, 2001). The increase in the dispersion of ownership in the twentieth century saw some transfer of economic power to the middle and working classes (Stewart, 2010). This was viewed by many such as Adolf A. Berle, 'the putative great-grandfather of shareholder primacy' (Bratton and Wachter, 2008) as a positive development in American society as Berle believed that 'if shareholder empowerment was ensured, it would correct the democratic deficit that existed in the management of the American economy' (Stewart, 2010).

The last three decades have seen a dramatic increase in share ownership in the UK. This has been largely due to privatisation, tax-favoured forms of saving and investment and the development of stakeholder pensions (Ireland, 2005). Shareholder primacy had become widely accepted as the dominant theory of corporate governance in free market economies such as those that exist in the UK and the United States of America. Features of these free market economies such as dispersed share ownership, increase susceptibility to hostile takeovers and demanding institutional investors can make it almost necessary for directors to focus their efforts mainly on the maximisation of shareholders wealth (Keay, 2010). Corporate governance codes in these countries have tended to be heavily orientated towards shareholder primacy (Armour *et al.*, 2003) and have in effect legitimated the practice (Merino *et al.*, 2010). International support has grown for shareholder primacy (Ireland, 2005) and in 1999 the Organisation for Economic Co-operation and Development (OECD) issued the 'The OECD Principles of Corporate Governance' (revised in 2004) which placed the emphasis of running a company primarily in the interests of the shareholders.

2.6.1 The Justification for Shareholder Primacy

It has been argued (Ireland, 2005) that the justification for shareholder primacy is not solely on the basis of shareholder ownership rights but more to do with efficiency grounds, meaning that although there are direct beneficiaries (shareholders and management) there are also indirect benefits to society as a whole through the maximisation of aggregate social wealth. Shareholder primacy can be considered as one of the key elements of a company along with legal personality, limited liability, transferable shares and delegated management and as a result is considered economically indispensable (Ireland, 2010).

In 2001 when faith in 'shareholder primacy' was arguably at its peak, Professors Reinier Kraakman (Harvard Law School) and Henry Hansmann (Yale Law School) published their essay 'The End of History for Corporate Law' which contends 'the ideology of shareholder primacy is likely to press all major jurisdictions toward similar rules of corporate law and practice' and that the 'consensus on a shareholder oriented model of the corporation results in part from the failure of alternative models of the corporation'. Kraakman and Hansmann (2001, p.35) argue that 'the principal elements of this consensus are that ultimate control over the corporation should be in the hands of the shareholder class; that the managers of the corporation should be charged with the obligation to manage the corporation in the interests of its shareholders; that other corporate constituencies, such as creditors, employees, suppliers, and customers should have their interests protected by contractual and regulatory means rather than through participation in corporate governance'. It is worth noting that the same year (after the publication of the final draft of the essay) saw the collapse of Enron which was largely as a result of the pursuit of shareholder wealth maximisation and the excessive risk taken (Rosen, 2003) in a effort to achieve this.

The combination of shareholder wealth maximisation and excessive risk taking had a far greater impact later in the decade when managers of some of the world largest financial firms failed in their risk management (Bratton and Wachter, 2010) and effectively brought about the worst financial crisis of modern times. Bratton and Wachter (2010, p.653) note that 'in the years preceding the financial crisis, shareholders validated the strategies of the very financial firms that pursued high leverage, high return, and high risk strategies and penalised those that did not'. This led to the legitimacy of managerial focus on shareholder wealth maximisation being called into question and gave even more credence to the argument that a corporation has a wider constituency to serve than just shareholders alone (Ronnegard and Smith, 2009).

2.6.2 Whose Interests Should Prevail?

There are two major questions that any corporate governance model must address; who is in control and whose interests will prevail? (Bainbridge, 2002). Shareholder primacy provides answers to these, however, academic theory has produced some challenge to the shareholder primacy norm in the form of the nexus of contracts theory, the team production theory, managerialism and the director primacy norm (Karmel, 2004).

- The nexus of contracts theory or 'the contractarian framework theory' of the company (Velasco, 2006) views the corporation as nothing more than a web of contractual relationships where shareholders are not considered the owners of a company but rather as one of many types of investor.
- The 'Team Production' theory argues that when a team of individuals 'invest firm-specific resources to produce a non-separable output... team members may find it difficult or impossible to draft explicit contracts distributing the output of their joint efforts' (Blair and Stout, 1999). Blair and Stout argue that directors of public corporations should seek to maximise the joint welfare of all the company's stakeholders who contribute company specific resources to corporate production.
- The theory of 'managerialism' claims that professional managers control the company and directors are seen only as figureheads and shareholders are considered a non entity (Bainbridge, 2002). The 'directors primacy' theory (Bainbridge, 2002) suggests that directors have full control of a company's decision making but are bound by their fiduciary responsibility to the shareholder to maximise the wealth of the shareholders.

The preference for shareholder primacy over these theories is based on the idea that a company should be run for the benefit of the residual claimants, namely the shareholders at least while the corporation is solvent (Keay, 2010). As these residual claimants are also the risk bearers, it is to them that directors ought only be accountable to for maximising their wealth (Easterbrook and Fischel, 1991) and as Jensen (2003, p.2) states 'for control to rest with any other group would be equivalent to allowing the group to play poker with someone else's money and would create inefficiencies that lead to the possibility of failure'. Kiarje (2006) suggests the dominance of shareholder value is down to its creation of wealth, accountability to its owners and the notion of private property and the appreciation that the company and its shares are private accumulations of wealth and should be treated as such. Kiarje argues that any contrary view (like stakeholder value) arguably infringes on Article 1 of the Protocols of the European Convention on Human Rights

(1952) which confers on every natural and legal person the right to the peaceful enjoyment of their possessions. Kiarje claims that shareholder value upholds this right.

2.6.3 Is Shareholder Primacy Still Relevant?

The financial crisis that began in 2007 has put pressure on the dominance of shareholder value as it has highlighted the fact that the wider community bears a risk when companies strive to maximise shareholder wealth. The crisis, cited by the International Monetary Fund (Stewart, 2008) as being the worst since the great depression has left many governments 'bailing' out large companies at great cost to the public purse. This poses the question as to whether shareholder primacy can or will retain its dominance in the future. A growing number of business leaders are voicing the opinion that a 'shareholder value' strategy can be potentially harmful for directors to pursue. In an interview with the Financial Times on 5th April 2010 Paul Polman, Chief Executive of Unilever, stated 'I do not work for the shareholder, to be honest; I work for the consumer, the customer... I'm not driven and I don't drive this business model by driving shareholder value'. These comments echo those of Jack Welch, known as the father of the shareholder value movement (Guerrara, 2009) and who is the former chief executive of General Electric who lambasted the idea of shareholder primacy in the Financial Times on 12th March 2009 by stating 'on the face of it, shareholder value is the dumbest idea in the world'. The combination of respected businessmen and an angry public may signal the end for the shareholder model of governance and the start of a push towards companies being held accountable to all its stakeholders.

2.6.4 Section Summary

This section of the chapter has demonstrated how shareholder value has until recently been the preferred approach to governance for many companies. The arguments for and against it have been outlined and evidence of shift towards stakeholder value presented. The next section of this chapter takes a similar approach but focuses its analysis on stakeholder value.

2.7 Stakeholder Value

'If the unity of the Corporate body is real, then there is reality and not simply legal fiction in the proposition that the managers of the unit are fiduciaries for it and not merely for its individual members that they are.... trustees for an institution [with multiple constituents] rather than attorneys for the stockholders'.

- E. Merrick Dodd Jnr. (Harvard Law Review, 1932)

Stakeholder theory aims to change the widely held view of a company being primarily shareholder-manager orientated in decision making and accountability to that of one which incorporates other corporate constituents (stakeholders) into this process. It views the company as a series of collaborative and competitive relationships each requiring simultaneous attention (Simmers, 2004). The concept of stakeholder theory has been described as 'deceptively simple' (Freeman, 1984, p.246), insofar as 'it is easy to identify those groups and individuals who can affect, or are affected by, the achievement of an organisation's purpose' (ibid) and deceptive because 'once stakeholders are identified, the task of managing the relationships with them is enormous' (ibid). These stakeholders can include customers, employees, suppliers and members of the local community.

The increase in globalisation has seen companies grow so large that it is becoming increasingly difficult to discharge their social responsibilities and their pervasive impact on society. It can be argued that for a modern company to succeed, it has to nurture its relationships whilst accepting accountability to its stakeholders who have a legitimate concern as to the success or failure of the company (Freeman, 1984). Stakeholder theory demands that management give due regard to the interests and influence of these stakeholders when defining their corporate objectives and has been described as 'ultimately about the control and governance of business activities' (Weiss, 2006, p.1) thus giving management the responsibility of determining in whose interests the company will be best governed.

Stakeholder theory assumes that values are 'necessarily and explicitly a part of doing business' (Freeman *et al.*, 2004, p.364) and although it recognises that companies and their managers are obligated to ensure a return on their investment, it also recognises obligations to other stakeholders which are not necessarily required by law (Heath and Norman, 2004). The theory's appeal in the sphere of business ethics derives from its promise to help solve morally difficult problems, such as how to 'manage people fairly and efficiently' as well as how to 'determine the extent of a firm's moral responsibilities beyond its obligations to enhance its profits and economic value' (Orts and Strudler, 2009, p.605).

2.7.1 Support for Stakeholder Theory

The fourth quarter of the twentieth century saw an unprecedented rise in globalisation. Countries attempted to maximise potential benefits by reducing and removing barriers between them so as to facilitate the flow of goods, capital, services and labour (UN, 2002). However this course of action to some extent limited the powers of government over growing corporations. Globalisation has made it difficult to determine who, if anyone multinational companies are answerable to. The focus on shareholder primacy in Anglo-American legal and public policy has limited the ability to argue for the rights of the stakeholder. Growing concern over the pursuit of shareholder wealth at the

expense of the stakeholder led to the then UK opposition leader Tony Blair stating in 1996 in his now famous 'Stakeholder Speech' in Singapore that:

'It is time that we shift the emphasis in corporate ethos from the company being merely a vehicle for the capital market – to be traded, bought and sold as a commodity – towards a vision of the company as a community of partnership in which the employee has a stake and where a company's responsibilities are more clearly delineated'.

With a steady stream of corporate scandals continuing to come to light, public interest in stakeholder theory continues to grow and the term stakeholder is now seen as a powerful one (Phillips, Freeman and Wicks, 2003). Although stakeholder theory cannot offer a 'complete solution for addressing the problems of business in society' it can 'point to a need for social controls to encourage the beneficial effects of institutional behaviors and to regulate or prevent the harmful effects' (Wood, 2007 p.7).

2.7.2 Stakeholder Theory and the Future

The suggestion that stakeholder theory can replace today's 'neoclassical economic concept' of the company (Scholl, 2001) is gaining increasing support. This indicates that it is no longer tenable to regard the shareholders as the only residual claimants of company. The long held practice of putting shareholders interests ahead of that of the stakeholder is dissipating and the idea that 'if customers are unhappy, if accounting rules have been compromised, if product quality is bad, if environmental disaster looms, even if competitive forces threaten, the only interesting questions are whether and how these forces for change affect shareholder value' (Freeman, 2007, p.4) now seems outdated. A recent study (Agle and Agle, 2007) into the application of stakeholder theory suggests that it is going from strength to strength. The study sampled (randomly) 100 companies from the Fortune 500 in the US and found that 64% of these companies embraced approaches to maximise the well-being of all stakeholders.

2.7.3 The Problem with Stakeholder Theory

Stakeholder management facilitates the 'understanding of' and 'the ability to manage within' increasingly unpredictable external environments (Wolfe and Putler, 2002). It is based upon the ethical imperative that 'businesses in their fiduciary relationships to their stockholders act in the best interests of and for the benefit of their customers, employees, suppliers, and stockholders' whilst respecting and fulfilling these stakeholders rights (Weiss, 2008 p.41). If given a level playing field companies practicing stakeholder management will be 'relatively successful in conventional performance terms' (Donaldson and Preston, 1995, p.67)

The role of management in stakeholder theory involves balancing the multiple claims of conflicting stakeholders (Freeman, 1994) and problems can arise when attempting to address the legitimacy of a stakeholders claims and prioritising them. In the case of conflict of interest between stakeholders the demands and interests of some must be moderated or sacrificed in order to fulfill basic obligations to others (Heath and Norman, 2004). Where stakeholders' interest contradict compromise must be sought and the overall interest of the company be the guide (Chilosi and Damiani, 2007). A proposed theory of classification for stakeholder salience (Mitchell *et al.*, 1997) identifies three relationship attributes: power, legitimacy and urgency for the managerial assessment of stakeholders' claims. However, one of the downfalls of the stakeholder value theory is its failure to specify how managers should make the necessary tradeoffs among competing interests and it is for this reason that 'advocates of stakeholder theory fall short, just as those who narrowly focus on short-term financial gain' (Jensen, 2001).

The framework produced through this research advocates continuous communication with stakeholders, which ensures that stakeholder conflict is addressed in its early stages which in turn improves the chance of compromise. It is proposed the clear lines of communication between stakeholder and management which is a central theme of the framework, can help alert the company to possible issues.

The susceptibility of stakeholder theory is such that it makes the assumption that management will operate in such a manner as to benefit society as a whole. Jensen (2007) argues that this assumption is naive arguing that 'managers would have no way to know how to best benefit society, and furthermore there would be widespread disagreement on how and what to do. Moreover, if adopted, stakeholder theory would do further damage. It would literally leave managers unmonitored and unaccountable in any principled way for their actions with the vast resources under their control' (Jensen, 2008, p.13). The main resistance to stakeholder theory comes from advocates of shareholder primacy (Weiss, 2008) who argue that management have a fiduciary duty to the shareholders and that shareholders wealth maximisation might not be achieved if there was an attempt to serve all stakeholders interests. The critical question of how to weight stakeholder interests has been addressed many times but as of yet no agreement has been reached in terms of how to best govern this process (Kline, 2006). Donaldson and Peston (1995) claim that the wide range of literature available can be confusing if looking for a definitive explanation of stakeholder theory, as it has been supported and critiqued by using diverse and sometimes contradictory evidence and arguments.

2.8 The Shareholder Versus Stakeholder Debate

'Directors are, and will always be forced to choose between different interests and the only realistic criterion on which they can base their decisions on is the long term survival and prosperity of the company'.

- Henry Bosch AO, 1997

Former Australian National Companies and Securities Commission Chairman

Corporate governance systems are continuously evolving but a debate that has remained constant since the beginning of the twentieth century is that of the shareholder versus the stakeholder (Clarke, 2005). To suggest that there is a polarisation between the two arguments would be misleading (Smerdon, 2004) as profitability and responsibility are not mutually exclusive. They do however pose an ongoing dilemma to management as to how they address the competing claims of both parties.

This dilemma was highlighted in the precedent setting and long running debate between Professor Adolph A. Berle of Columbia Law School who asserted that 'all powers granted to a corporation or to the management of a corporation, or to any group within the corporation, whether derived from statute or charter or both, are necessarily and at all times exercisable only for the ratable benefit of all the shareholders as their interest appears' (Berle, 1931, p.1049) and Professor Merrick Dodd of Harvard Law School who countered by asserting that company directors are 'guardians of all the interests which the corporation affects and not merely servants of its absentee owners' and arguing for 'a view of the business corporation as an economic institution which has a social service as well as a profit-making function' (Dodd, 1932, p.1145).

The debate was defined by what became known as the New Deal Era in the United States which saw the abandonment of 'laissez-faire' capitalism through the increase of regulation. It was the introduction of this new deal that led Berle to concede that management should accept the responsibilities that came with their power and failure to do so would lead to government intervention (Berle, 1954). The Berle versus Dodd debate has since been described as the 'high-water mark of corporate responsibility literature' (Stewart, 2007).

The shareholder v stakeholder debate was again highlighted in the arguments of Friedman and Freeman, where Friedman, a firm advocate of shareholder primacy, argued that 'there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud' (Friedman, 1970). Friedman suggested that to do otherwise would amount to a taxation on shareholders. These views were shared by

(Jensen and Meckling, 1976) who described shareholders as 'principals' who hired directors as their 'agents' to maximise the wealth of the shareholders and that directors who pursued any other goal only reduced social wealth by increasing 'agency costs'.

The antithesis to the shareholder primacy came from Freeman (1984, p.24) who argued that 'just as the separation of the owner-manager-employee required a rethinking of the concept of control and private property as analysed by Berle and Means (1932), so does the emergence of numerous stakeholder groups and new strategic issues require a rethinking of our traditional picture of the firm... We must redraw the picture in a way that accounts for the changes'. Freeman strengthened his argument for stakeholder theory through further publications in 1990, 1994, 2002 and 2007.

It is suggested that any agreeable form of governance for modern companies will need to align the goals of both the shareholder and the stakeholder. One alternative that has been put forward is that of enlightened shareholder value.

2.9 Enlightened Shareholder Value - A Possible Solution?

The enlightened shareholder value (ESV) approach recognises the creation of shareholder value as a company's primary function which should be pursued in the long run whilst also obligating directors to consider relevant stakeholders interests. In doing so the emphasis on short term shareholder profit is replaced by a long term view of a successful business. With enlightened shareholder value, the shareholder still takes priority over the stakeholder, however it differs from more traditional shareholder primacy theories in that it recognises that long term profit, growth and sustainability relies on the support of all of those who affect or are affected by business activity.

ESV is not a new concept and has already been introduced as statute in the UK where Section 172 of the Companies Act 2006 specifically requires directors to promote the 'success' of their companies. The Act does not actually define 'success' but it can be assumed that when taken in context of the requirements of S.172 that it is not referring solely to financial success.

ESV represents what can be viewed as a market driven form of corporate governance, as its popularity has risen in tandem with the rise in shareholder democracy which itself has seen a shift in the balance of corporate power towards institutional shareholders whose long-term investment strategies favour sustainable business practices, risk management and corporate accountability (Biggs, 2007, Davis and Thomson, 1994). Mainstream institutional investors are now routinely including environmental, social and governance metrics into their investment decisions (Ho, 2010). The influence of ESV over the shareholder was further reflected in 2005 when the United Nations Secretary-General invited a group of the world's largest institutional investors and a multi-

stakeholder group of experts from the investment industry, intergovernmental and governmental organisations, civil society and academia to develop what is now referred to as the 'United Nations Principles for Responsible Investment' (UNPRI). The UN claim that the principles reflect the view that 'environmental, social and corporate governance issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfil their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate environmental and social governance issues into their decision-making and ownership practices and so better align their objectives with those of society at large'. As of October 2010 over 800 investment institutions from 45 countries have become signatories' (UNPRI, 2010).

ESV is not without its critics, from which the main argument against its effectiveness is based around the notion that it is still very much geared towards the shareholder and with the impact on stakeholders being minimal in practice (Wen and Zao, 2011). Other arguments focus on the lack of accountability of directors to non-shareholder stakeholders (Keay, 2007), whether any breach against the interests of non-shareholders will be enforced (ibid) or whether S.172 CA 2006 will, in practice, offer substantive protection to corporate stakeholders (Wen and Zao, 2011).

The recent economic crisis has again revived the shareholder v's stakeholder debate and much of the argument is now in favour of a move away from shareholder primacy (The Economist, 2010). The 'rules' that Friedman referred to are changing (e.g. S.172 CA 2006) and the relationship between sustainable profit and stakeholder consideration is becoming more apparent. The combination of shareholder activism, market forces, stakeholder expectation and legal doctrine are combining to redefine the corporate purpose and enlightened shareholder value is becoming the acceptable face of this change. ESV demonstrates a move beyond the traditional shareholder/stakeholder divide and an acceptance of a more inclusive approach to doing business. Therefore it is suggested that ESV provides the most appropriate and realistic roadmap for the framework developed through this research as it represents a governance framework that addresses both sides of the debate.

This section of the chapter has outlined the key arguments in corporate governance debate so as to illustrate clearly to the reader how corporate governance theory continues to evolve towards stakeholder accountability. This evolution is important to the research because it shows that stakeholder focus is increasingly necessary thus ensuring a market for guidance on how to best achieve it.

Part Two - Corporate Social Responsibility

2.10 Introduction to CSR

This section of the chapter critically analyses CSR as a concept. What follows is an overview of CSR literature and discussion on some of the key debates in this area. After considering how CSR might be defined, the paper provides context for the debate by discussing how CSR has developed since its inception and where it is headed. Existing CSR guidance is then presented as is current thinking on the subject.

'In its broadest sense, corporate social responsibility represents a concern with the needs and goals of society which goes beyond the merely economic. Insofar as the business system as it exists today can only survive in an effectively functioning free society, the corporate social responsibility movement represents a broad concern with business's role in supporting and improving the social order'

- Eells and Walton (1974, p.274)

2.11 Defining CSR

In today's marketplace it is no longer acceptable for businesses to concentrate solely on the provision of goods and services and the returns for their shareholders whilst complying with letter of the law and the spirit of regulation. Business managers are expected to consider the wider social and environmental consequences of their actions whilst 'continually encountering demands from multiple stakeholder groups to devote resources to corporate social responsibility' (McWilliams and Siegel, 2001, p.11). It is widely accepted that CSR is imperative to business however there is much debate on what CSR constitutes or how it can be incorporated into business strategy. A definitive definition is made difficult by cultural differences, evolving social standards and a disjointed approach from the business community.

The term corporate social responsibility is in itself self explanatory and in broad terms refers to the responsibilities of corporations to the societies that they operate in. CSR can encompass concepts such as business ethics, stakeholder theory, philanthropy and environmental management. Generally accepted definitions of CSR include 'the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time' (Carroll, 1979, p.500) and 'The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations' (McGuire, 1963, p.144). The use of CSR terminology can vary between companies with many opting for alternative labels such as 'corporate social

performance', 'corporate citizenship' and 'sustainability' but a common theme regardless of the label is the alignment of business values with ethical values. It is interesting that many of these new labels no longer reference 'responsibility' and Pedamon (2010, p.1) proposes that this is because the term responsibility can be perceived as being related to 'obligations and duties and a fortiori accountability and sanctions' and as such is something management may wish to avoid.

2.12 The Evolution of CSR

Social responsibility is not a new concept in business. It is far older than the concept of incorporation as evidence from ancient Chinese, Egyptian and Sumerian writings suggest that rules ensuring that wider public interest was considered were commonplace when it came to the facilitation of trade (Werther and Chandler, 2010). In the UK, CSR or what can be described as CSR, has existed for over 150 years (Henriques, 2003). Early proponents of this came most notably from the Quaker community who were responsible for many successful companies (Cadbury, Barclays, Lloyds) and believed that company profits should be made 'the right way' and in accordance with their code of ethics or what might be described by today's companies as 'core values' (Jenkins, 2010). Cadbury in particular was a forerunner in social responsibility and became actively involved in social reform, labour relations and housing reform and their employees enjoyed working conditions and benefits far superior to those seen before in Victorian times (Samuel, 2000). Jenkins (2010) draws comparisons between Quaker companies role within the community and what is now regarded as the 'function of the state' provided through Quaker villages such as Bourneville which as well as providing housing also provided post offices and banks, libraries and community facilities. Cadbury's association with CSR heritage is still relevant today as Cheryl Phillips of Cadbury remarked in a Sunday Times interview in 2009 that 'it brings a sense of cohesion to the company, increases employee engagement and develops our people' although this interview was given before the highly contentious £11.7 billion takeover by Kraft in 2010 which resulted in a significant number of job losses.

Early references to CSR in academic text date back over seventy years with Berle and Means (1932), Barnard (1938) and Kreps (1940) being amongst the first to attribute a social responsibility to executives and business. The development of what is regarded as modern CSR began with the publication in 1953 of 'Social Responsibilities of the Businessman' by Howard R. Bowen which is generally considered to be the first definitive book on the subject. Bowen conceptualised what is now described 'CSR' as being 'the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society' (p.6) which suggests an obligation to stakeholders as well as shareholders.

Further recognition of CSR was brought through the Committee for Economic Development (CED) when it published the 'Social Responsibilities of Business Corporations' (CED, 1971) in which it stated on p.11 that 'business functions by public consent and its basic function is to serve constructively the needs of society - to the satisfaction of society'. The CED detailed (p.15) a three-tiered approach to CSR consisting of:

- 1) The inner circle (responsible for the exercising the economic function of the company),
- 2) The intermediate circle (responsible for exercising the economic function of the company with an awareness to the changing social contract between business and society), and
- 3) The outer circle (responsible for a company becoming more broadly involved in changing the social environment).

Membership of the CED consisted of a combination of business people and academics, thus ensuring the practicality and credibility of the publication. Carroll (1999, p.274) described the model as 'a landmark contribution to the concept of CSR' whilst Crane (2008, p.29) suggests that the 'CED may have been responding to the times in that the late 1960s and early 1970s was a period during which social movements with respect to the environment, worker, safety and consumers were poised to transition from special interest status to formal government regulations'.

The development of further CSR models continued throughout the 1970's, most notably Sethi (1975) who coined the term 'corporate social performance' and identified three states of corporate behaviour based on social obligation, responsibility, responsiveness. This model was further developed by Carroll (1979) who devised a four tier model (or Pyramid of CSR) based on the Economic, Legal, Ethical and Discretionary/Philanthropic responsibilities. The headings for Carroll's model are listed in decreasing order of importance can be interpreted as an early example of enlightened shareholder value due to his placing of economic success as being the foundation of the pyramid.

Whilst the 1970's saw attention being focused on defining CSR, the 1980s focused more on research resulting in 'a splintering of writings into alternative concepts and themes such as corporate social responsiveness, corporate social performance, public policy, business ethics, and stakeholder theory/management' (Carroll 1999, p. 284). Two themes that emerged from this research were the incorporation of CSR into organisational framework (Jones, 1980, Tuzzolino and Amandi, 1981, Strand, 1983) and compatibility between social responsibility and profitability (Drucker, 1984, Freeman, 1984, McGuire, Sundgren and Schneewis, 1988). The link between financial performance and social performance can make CSR an appealing prospect for even the most hardened advocate of shareholder primacy. This link was first highlighted by Drucker (1984) who maintained that CSR creates new opportunities for businesses and that social problems could

present economic opportunity and is consistent with his earlier assertion that the purpose of business is to 'create a customer' (Drucker, 1955, p.35).

The globalisation of the world's economy in the 1990's which saw increased corporate exposure to social problems led to an interesting twist of Drucker's 'purpose of the business' assertion when in light of the growth of CSR the customer can be said to have created the business and led to the growth of a CSR industry. This new CSR industry evolved rapidly with major professional services companies such as PWC and KPMG engaging in the provision of CSR Services and new CSR specific consultancies including SustainAbility (1987), Business for Social Responsibility (1992) and CSR Europe (1996) assuming an agency role between business and society. CSR was no longer viewed as just internal policy or codes of conduct but rather a way for businesses to interact with stakeholders whether it be directly through new service providers or through non government organisations (NGOs) engagement such as the World Fair Trade Organisation (1989), the European Fair Trade Association (1990) and the Ethical Trading Initiative (1993).

Governmental recognition of the importance of CSR to business was highlighted in 2000 when European Heads of State and Governments appealed for the business case for CSR by placing it at the heart of the EU's 'Lisbon Strategy' which aimed 'To make Europe the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion by 2010'. In 2001 the European Commission published the green paper 'Promoting a European framework for corporate social responsibility (CSR)' and followed it in 2002 with a communication entitled 'A business contribution to sustainable development' which defined CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis'. This was followed in 2006 by a second communication entitled 'Implementing the partnership for growth and jobs: making Europe a pole of excellence on CSR' which was notable for the introduction of the European Alliance for CSR which now serves as an open partnership for enterprises to promote and encourage CSR and provides a platform for 'open debate on the linkages between CSR and competitiveness, in support of the European Strategy for Growth and Jobs' (CSR Europe, 2010). The EC continues to invest in CSR and in October 2011 published a new CSR policy whose aims to 'enhance the positive impact of business on society and enterprise and minimise and prevent the negative impacts' (EC, 2011).

2.12.1 Current Thinking in CSR

The concept of CSR continues to evolve with the latest conceptions coming in the form of CSR 2.0 (Visser, 2011) and 'Creating Shared Value' (Kramer and Porter, 2011).

2.12.1.1 CSR 2.0

CSR 2.0 argues that CSR in its present form has failed. Visser (2012) claims that codes and standards encourage a box ticking approach to CSR and that our social and environmental problems are complex and intractable. CSR 2.0 is based on principles of creativity, scalability, responsiveness, glocality (meaning think global, act local) and circularity. These principles are spread over responsibility bases of value creation, good governance, societal contribution and environmental integrity. CSR 2.0 stands for corporate sustainability and responsibility and represents a collaborative, reward based, performance driven, integrated, diversified, scalable and global approach to value creation (Visser, 2011).

2.12.1.2 Creating Shared Value

The Creating Shared Value concept is based on the premise that the competitiveness of a company and the health of their communities are mutually dependent. CSV suggests that capitalism can be redefined by:

- Re-conceiving product and markets: companies can meet social needs while better serving existing markets, accessing new ones, or lowering costs through innovation.
- Redefining productivity in the value chain: companies can improve the quality, quantity, cost, and reliability of inputs and distribution while they simultaneously act as a steward for essential natural resources and drive economic and social development.
- Enabling local cluster development: companies do not operate in isolation from their surroundings. To compete and thrive, for example, they need reliable local suppliers, a functioning infrastructure of roads and telecommunications, access to talent, and an effective and predictable legal system.

CSV proposes that advantage can be created by building a social proposition into corporate strategy (Kramer and Porter, 2011). A prime example of this was seen when Novartis, a global pharmaceutical company based in Switzerland, took a shared value approach to selling their pharmaceuticals in rural India, where 70% of the population lives. The obstacle was not the prices they charged but the social conditions in the region such as a chronic lack of health-seeking behaviour in the community, healthcare providers with virtually no healthcare training, and tens of thousands of local clinics without a reliable supply chain. Looking through a shared value lens, Novartis saw these social problems as business opportunities and resulted in the company hiring hundreds of community health educators, holding training camps for providers, and ultimately building up a distribution system to 50,000 rural clinics (Kramer, 2012). This example shows a company using its resources and capabilities to solve a specific social problem in ways that are

aligned with the company's strategy, whilst strengthening its competitive positioning and increasing profit.

2.13 Key CSR Drivers

Two of the main drivers for CSR are the moral or 'normative' argument and the strategic or 'instrumentalist' argument. A normative approach sees companies utilise CSR to benefit society and because it is the 'right thing to do'. Companies that utilise the normative approach strive to be good corporate citizens and to 'achieve commercial success in ways that honour ethical values and respect people, communities, and the natural environment' (BSR, 2010, p.6). The instrumentalist approach views CSR as a tool in the pursuit of profit and where the social performance correlates with enlightened shareholder value. The motivation for contemporary CSR might reflect a mixture of these approaches but regardless of motivation, the bottom line benefits of an effective CSR strategy cannot be ignored. CSR can have a positive effect on operational efficiency and in turn financial performance through a range of initiatives such as the following.

2.13.1 The Environment

Theoretical environmental CSR literature focuses on two questions; what drives environmental CSR and what are the welfare effects of environmental CSR? (Lyon and Maxwell, 2008). The answer to this in its broadest sense is a reduction in pollution, which in turn can lead to a reduction in production inefficiencies and cost reduction (ibid). Environmental good practice can also contribute to business by managing risk and enhancing the corporate image (Baker, 2012). Environmental CSR initiatives play a key role in CSR programmes for many companies. Environmental policy, performance and disclosure practices can demonstrate progress and transparency whilst also a commitment to CSR as a whole (Melton 2009). Stakeholder expectation and in particular, customer expectation of 'green initiatives' is currently the dominant motivator for environmental CSR (IBM Global CEO Study, 2010).

2.13.2 The Workforce

A perceived strong commitment to CSR can play a valuable role for Human Resources in both the recruitment and retention of staff (Turban and Greening 1997). The application of CSR policies to employees, such as work life programs where employees can avail of benefits such as flexible working hours or job sharing can help retain staff and reduce the costs of hiring and training whilst increasing productivity (Konrad and Mangel, 2000).

2.13.3 The Community

A key feature of CSR involves a company's relationship with the community it operates in. Kotler and Lee (2004, p.3) define CSR as 'a commitment to improve community well-being through discretionary business practices and contributions of corporate resources'. A successful relationship between businesses and the community can depend on such factors as the extent of open dialogue, transparent reporting of business practices and contribution of corporate resources. A credible and trustworthy relationship with the local community can be viewed as an important factor in enhancing long term sustainability and improving future business prospects.

2.13.4 Investor Relations

A credible CSR program can improve the perception of a company amongst the investment community and in turn provide easier access to capital. Social performance indices such as the FTS4 Good, the Dow Jones Group Sustainability Index and the Jantzi Social Index provide evidence the companies that embrace (or appear to embrace) CSR generally out-perform their counterparts. Such is the level of interest in CSR in investment circles that it has led to the creation of socially responsible investment funds, such as ABF Green Planet Fund and Domini Social Equity Fund. Socially responsible investment (SRI) recognises that corporate responsibility and societal concerns are valid parts of investment decisions and is experiencing rapid growth, now encompassing an estimated \$3.07 trillion out of \$25.2 trillion in the U.S. investment marketplace today (SocialInvest, 2010). A similar trend appears in the European investment community as the 10th edition of Vigeo's report "Green, Social and Ethical Funds in Europe" confirms sustained growth in SRI has been well-evidenced since 1999, even though 2008 was marked by a pause linked to the financial crisis. This growth is particularly evident between June 2009 and June 2010 both in terms of number of funds (879 mutual funds, +29%) and assets under management (€75 billion, +41%).

2.13.5 Corporate Reputation and Risk Management

Given that CSR extends beyond the boundaries of the shareholder, it is conceivable that all companies implementing CSR practices will be doing so to manage risk. Failure to do so can result in the risk of reputational damage so in the light of this, 'socially responsible decision making should take centre stage as part of the company's main strategic business planning exercises' (Diffey, 2007, p.2). Corporate reputation refers to the way a company is perceived by its stakeholders and is formed on the basis of information and experience (Caruana, 1997). In the sphere of strategic management studies 'reputation is viewed as a key source of distinctiveness that differentiates the company from its rivals' (Balboni, 2008, p.2) whilst also potentially providing

for competitive advantage (Fombrun, 1996). How a company approaches CSR can have a major impact on its reputation both internally and externally. Such is the realisation of the benefit of CSR to corporate reputation that nearly all FTSE 100 companies have a CSR section in their annual report.

2.13.6 Competitive Advantage

A motivational factor for CSR that no management team can ignore is its potential to create corporate competitive advantage. Evidence of belief in the value of CSR by senior management was presented in a recent global CSR survey conducted by IBM In 2009. IBM surveyed 224 business leaders on their approach to CSR. Nearly all of these said they remain committed to incorporating CSR principles into their business strategies, despite the global recession, to improve business performance, societal contribution and reputation. 60% believed that CSR has increased in importance between 2008 and 2009. 87% say they are focusing CSR activities on improving efficiency and 69% say they are using CSR to help create new revenue opportunities.

2.14 The Argument(s) Against CSR

Contemporary CSR is a relatively new economic and sociological philosophy, still evolving and creating much debate. Institutional change and a move away from traditional shareholder orientated management frameworks is required for CSR to integrate into corporate structure. There has been much development in CSR literature and there is evidence showing it to be increasingly influential in corporate decision making. Utting (2005, p.376) notes that 'the history of progressive institutional change under capitalism suggests that new policies, norms, and regulations often reflect changes in the balance of social forces, activist pressures, and regulatory threats, as well as occasional crisis conditions'. However, many question the relevance of what is perceived to be CSR with criticism emanating from all ends of the corporate spectrum, den Hond *et al.* (2007, p.442) highlight examples from both 'neo-liberals - if CSR is not hypocrisy, it is at best nothing more than a reconfirmation of the benefits of self regulation in a free market context, and anti capitalists - if CSR is not hypocrisy, it is at worst nothing more than an empty promise of the illusionary benefits of self regulation in a free market context' whilst Fauset (2006, p11) states 'ultimately, CSR is not a step towards a more fundamental reform of the corporate structure but a distraction from it. Exposing and rejecting CSR is a step towards addressing corporate power'.

The most famous opponent of CSR is perceived to be the economist Milton Friedman whose now infamous claim that 'the social responsibility of business is to increase profits' is still the basis of modern day opposition. However, Freeman (2007) questions whether Friedman would still possess such views today given the changes in the modern business environment. That said the

'miltonian argument' (Baker, 2010) is still being used, most notably by Karnarni (2010) who argued in the Wall Street Journal that the 'idea that companies have a responsibility to act in the public interest and will profit from doing so is fundamentally flawed'. Karnarni (2010) argues that a director's single duty is to maximise returns for shareholders and this duty is still relevant even when the interests of company and society were opposed and that it was the job of the government, not business to worry about society.

2.14.1 CSR Results in the Misallocation of Shareholders Funds

An argument for shareholder primacy and against CSR can be to claim that CSR initiatives divert money from its rightful owner, the shareholder, leading critics to refer to CSR as a 'tax' (Karnarni, 2010). Atkins (2006) claims 'the notion that the corporation should apply its assets for social purposes, rather than for the profit of its owners, the shareholders, is irresponsible' and refers to BP's Alternative Energy marketing campaign as an example, claiming it makes consumers feel good about purchasing BP products, however if the return on their environmental investments was nil the investing public would move their investment to a competitor for profit.

2.14.2 Self Regulation is Not Sufficient

The widely held view of CSR is that it comprises of voluntary non binding regulation that companies adhere to show their commitment to ethical corporate behaviour and to portray themselves as a good corporate citizen. There are a variety of codes that companies can use as guidelines, examples of which include the ISO 26000 Guidance on Social Responsibility, the UN Global Compact and the Bench Marks Principles for Global Corporate Responsibility. The International Chamber of Commerce (ICC) is a major proponent of self regulation and claims that 'good corporate practice is usually spread most effectively by strong corporate principles and example, rather than by codes of conduct' and that 'voluntary business principles have the advantage of bridging cultural diversity within enterprises and offering the flexibility to tailor solutions to particular conditions. Voluntary approaches minimize competitive distortions, transaction costs associated with regulatory compliance, and inspire many companies to go beyond the regulatory baseline, thus often eliminating the need for further legislation'.

Critics of self regulation (Balkan, 2004, Fauset, 2006, Karnarni, 2010) argue that CSR is being used by business to thwart the establishment of international regulation on corporate activity. The worry for business is that increased regulation may have a negative impact on the balance sheet as 'regulations are designed to force corporations to internalize i.e., pay for costs that they would otherwise externalize onto society and the environment' (Balkan, 2004, p149). The strength of the opposition to regulation was realised at the 1992 Earth Summit in Rio de Janeiro, when UN

sponsored recommendations on regulation were rejected in favour of voluntary self-regulation as prescribed by the World Business Council for Sustainable Development (WBCSD). Christian Aid (2004) has referred to this event as 'the birth of modern CSR'. This 'victory' was repeated at the 2002 Earth Summit in Johannesburg when the Business Action for Sustainable Development (BASD), a joint initiative by the ICC and the WBCSD successfully argued for the promotion of voluntary mechanisms over binding international regulation.

The continuation of self regulation seems all the more astounding when Balkan (2010, p.110) provides the comparison between the regulation of the corporate person to that of a natural person by stating 'no one would seriously suggest that individuals should regulate themselves, that laws against murder, assault and theft are unnecessary because people are socially responsible. Yet oddly, we are asked to believe that corporate persons, institutional psychopaths who lack any sense of moral conviction and who have the power and motivation to cause harm and devastation ... should be left free to govern themselves'. Karnani (2010) proposes government regulation as the ultimate solution and argues that for all their faults, 'governments are a far more effective protector of the public good than any campaign for corporate social responsibility'.

2.14.3 CSR for the Wrong Reasons

As more consumers become concerned about the impact of business on society it has become increasingly necessary for businesses to impress their approach to CSR on the public through the marketing of their products. CSR appeals to public conscience and can help create a wider customer base and create brand loyalty. It is for this reason that CSR is recognised as a valuable tool when developing marketing strategy. A browse through CSR related jobs advertised on websites such as 'Ethical Corporation' reveals that the majority of them are marketing or communications related. This reveals where CSR sits in the corporate structure and gives rise to the argument that CSR is predominantly a marketing based initiative. This argument is further justified when companies fail to live up to their publicly stated CSR standards.

'Greenwashing' is perhaps the most infamous CSR related marketing term. It is defined by the Oxford English Dictionary as 'disinformation disseminated by an organisation so as to present an environmentally responsible public image'. The use of greenwash distorts the ability of consumers to make informed decisions and when it is uncovered can create cynicism amongst stakeholders (Matten *et al.*, 2010, p.215) and damage corporate reputation thus negatively affecting shareholder returns.

The corporate structure in its purest form has been described as 'pathological' in its pursuit of profit (Balkan, 2004) but if we look beyond the corporate veil we see directors who can be influenced by

moral obligation and business ethics and it is on these characteristics that CSR depends. Issues such as auditing, compliance, transparency, monitoring and government participation need to be addressed if there CSR is to continue evolve. The argument that CSR policy is only superficially influenced by its stakeholders may sound cynical to those who believe that companies should act for the benefit of society, but they can take heart in the fact that it is stakeholder influence that has brought the CSR agenda to the forefront of business. It is also worthy of note that as external stakeholders can be regarded as amongst the toughest critics of a company, their expectations and influence can lend to the robustness in the development of CSR programs (Bhattacharya, 2009).

2.15 Global Guidelines

The governance of CSR continues attract to attention and has been addressed on a global level through the production of guidelines from a variety of sources. The below have been selected for their global appeal and potential for influence and being possible global standards.

- **OECD Guidelines for Multinational Enterprises:** These are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting (OECD, 2012).
- **Ten principles of the UN Global Compact:** The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values based on ten principles in the areas of human rights, labour, the environment and anti-corruption. The principles are derived from:
 - The Universal Declaration of Human Rights
 - The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work
 - The Rio Declaration on Environmental and Development
 - The United Nations Convention Against Corruption

- UN Global Compact (2012)
- **UN Guiding Principles on Business and Human Rights:** These outline how States and businesses should implement the UN "Protect, Respect and Remedy" Framework in order to better manage business and human rights challenges (UN, 2011).

- ILO Tri-partite Declaration of Principles on Multinational Enterprises (MNE) and Social Policy: The principles laid down in this universal instrument offer guidelines to MNEs, governments, and employers' and workers' organisations in such areas as employment, training, conditions of work and life, and industrial relations (ILO, 2006).
- ISO 26000 Guidance Standard on Social Responsibility: This provides guidance rather than requirements so it cannot be certified to, unlike some other well-known ISO standards. Instead, it helps clarify what social responsibility is, helps businesses and organizations translate principles into effective actions and shares best practices relating to social responsibility, globally (ISO, 2012).

These standards provide general guidance on what CSR should entail and can be considered beneficial in helping to create a common ground for initiatives and creating awareness of CSR issues. The comprehensive implementation process and expected level of follow up reporting coupled with the expense and time consumption can prove prohibitive to many businesses. This can be especially true for those working in minimally invasive sectors where stakeholder pressure for comprehensive CSR is minimal and so the time and expense incurred might not be justifiable to management. That said, they are becoming an inherent part of the corporate landscape with two of three case studies used in this research referencing the Global Compact Principles as a partially guiding elements of their CSR practices, although neither of these actively pursue the full ten principles nor report using the required process. The general consensus of all those asked in the interviews was that the well regulated way in which each of their businesses are run and the nature of their businesses rendered their capacity to breach human rights codes or heavily pollute the environment to be minimal. Therefore whilst the guidelines above provide a general reference point for CSR, their applicability for companies who have a minimal impact on society is reduced, thus leaving these companies searching for other sources of CSR guidance.

2.16 Existing CSR Models and Frameworks

CSR can sometimes be viewed as a vulnerability which can leave a company open to external risks (Kramer and Kania, 2006). A variety of models and frameworks have been devised to address this risk, some of the most notable of these are Carroll's pyramid of CSR, Triple Bottom Line and to a lesser extent The European Foundation for Quality Management (EFQM) Model of CSR, The Business in the Community (BITC) CSR Competency Framework and The 3C - SR model of CSR.

Carroll's pyramid of CSR can form the foundations of almost any model of CSR. It was first devised in 1979 and presented as a model in the form of a pyramid in 1991. Carroll (1983, p.608)

proposed that 'corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent'. The pyramid is comprised of four categories of corporate responsibility set out in order of importance with emphasis on the economic and then legal aspects and a later concern for the 'ethical and discretionary' aspects (Carroll, 1979).

Since the model was first introduced in 1979 it has been frequently reproduced by Carroll, 1979, 1991, 1994, 1998 (where the concept of Corporate Citizenship was introduced at the top of the pyramid), 2000 and most recently in 2004 when the stakeholder concept was incorporated into the 'economic responsibilities' where the requirement to do what is required by global capitalism is replaced by doing what is required by global 'stakeholders'. Carroll believes that 'the total corporate social responsibility of business entails the simultaneous fulfillment of the firm's economic, legal, ethical, and philanthropic responsibilities. Stated in more pragmatic and managerial terms, 'the CSR firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen' (Carroll, 1991, p.43).

The 'triple bottom line' concept, devised by Elkington (1994) expands on the traditional corporate reporting framework to take into account social and environmental performance in addition to financial performance. Its central argument is that firms should prepare three different bottom lines. These being the traditional measure of corporate profit—the 'bottom line' of the profit and loss account. The second is the bottom line of a company's 'people account', a measure of how socially responsible a company has been throughout its operations. The third is the bottom line of the company's 'planet' account which is a measure of how environmentally responsible a firm has been (The Economist, 2009). Triple bottom line is therefore characterised by its three P's of People, Planet and Profit and aims to measure the financial, social and environmental performance of a firm over a period of time.

The BITC CSR Competency Framework proposes a set of six core characteristics of responsible business decision-making as being, understanding society, building capacity, questioning business as usual, stakeholder relations, strategic view and harnessing diversity. The EFQM Framework for CSR offers tools for CSR assessment and measurement (EFQM, 2004), The AccountAbility 1000 (AA1000) standard focuses on stakeholder engagement (AccountAbility, 2012) and the 3C - SR model of CSR (Meehan *et al.*, 2006, p.386) propose to offer guidelines to managers 'on how to connect to growing numbers of ethically aware consumers'. Other sources of guidance include the FTSE4Good and Dow Sustainability Index. The commonality between all of these models and frameworks is their broad scope and need for a high degree of interpretation.

2.17 Industry Specific CSR Guidance

Many CSR challenges tend to be *sui generis* to industry activity, as such CSR tends to be more traditionally associated with industries that have an obvious potential to negatively impact society and the environment such as the oil industry, the chemical industry and the mining industry (Crane *et al.*, 2008). Each of the three industries mentioned has experienced instances where their operations have resulted in disaster (or near disaster) and in each case these disasters were highly publicised. Examples of these include the BP Deepwater Horizon disaster for the oil industry in 2010 where an oil rig exploded killing 11 employees and pumped nearly five million barrels (205.8 million gallons) into the Gulf of Mexico (New York Times, 2010), the Bhopal gas tragedy for the chemical industry which resulted in the deaths of 3,787 people and injuries to 558,125 in Madhya Pradesh, India in 1984 (Times of India, 2010) and the Copiapo mining accident in the Atacama desert in Chile for the mining industry where 33 miners were trapped for 69 days underground as a result of a significant cave in (BBC, 2010). Whilst these examples are extreme cases there are many industries that can negatively impact their surroundings such as manufacturing industries, through poor production techniques (Carle, 2001) or retail industries through inadequate supply chain management and policies (Amaeshi *et al.*, 2008). This potential for negative impact has resulted in the focus of the vast majority of industry specific CSR literature being on these types of industries as seen in (Schipper and de Haan, 2005; O'Riordan and Fairbrass, 2012).

This potential for negative impact resonates with the argument that CSR has arisen as a result of tensions between business and society (Lantos, 2001) thus necessitating the need for companies to re-evaluate their conduct and an increased expectation for CSR. As key issues in CSR vary according to the nature of the industry it is important that guidelines are developed to address industry specific problems. These guidelines currently come from sources such as government, NGOs and industry associations as well as in-house directives.

The general guidelines referenced in section 2.15 of these thesis go some way towards achieving responsibility in business and these are now supplemented by the development of a number of industry specific directives such as the 'prisme2 initiative' from the European Chemical Industry Council and the 'Building Responsible Competitiveness' initiative from the construction sector. A review of these directives reveals the vast majority to be from the primary and secondary sectors of industry where there is far greater potential for negative impact on communities and the environment. The absence of such directives for the knowledge intensive services sector is notable.

2.18 Conclusion

The purpose of this literature review was to summarise published study findings and conceptual developments of relevance to CSR and to structure these findings in a manner that provides the reader with an overview of the current body of knowledge.

Based on this overview, we can see the clear relation between stakeholder focused theories and CSR and the challenges and consequences for their implementation. Whilst these theories provide for a general understanding of the overall concept, they are limited in what they can provide for specific industries. This may be surprising given that the number of CSR related papers presented in literature searches can run into thousands but less so when the complexity of the phenomenon in a global context is considered. It is however possible to identify central and commonly reoccurring themes and challenges in CSR which include the increased attention placed on stakeholder considerations and the challenge of aligning these with economic goals.

What is clear from this literature review is the growing expectation for stakeholder accountability and why any choice of CSR approach should focus on balancing, managing and addressing their needs. Whilst this challenge is complex in a general form, it is even more so when specific considerations come into play. This is very much the case for minimally invasive companies seeking CSR guidance where the existing explanatory models do not lend easily to industries where obvious areas of societal and environmental impact are minimal. From the perspective of these industries the central challenge to setting a CSR agenda is defining what it means to the company and knowing where and how to focus their efforts. This research examines these challenges and the resultant framework presents guidance on how to manage the CSR process in respect of these.

A summary of the key findings of this literature review are as follows:

- 1) Although governance literature is moving on from shareholder primacy and now tends to be more stakeholder focused, it is unclear whether this approach is considered to be a wholly appropriate form of governance.
- 2) It is unclear whether traditional approaches to CSR are providing any demonstrable benefit to the company as a whole. This is leading to a re-consideration of CSR objectives.
- 3) Many of the existing CSR models lack the detail necessary for application in practice.
- 4) There is a distinct lack of CSR guidance for the knowledge intensive services sector.

Based on the concepts presented throughout this chapter it can be suggested that whilst CSR in its present form is fundamentally different from traditional business models, there is sufficient

evidence to suggest that the gap between the two is closing. The continued development of concepts such as CSV suggest an approaching convergence between the two. It is proposed that there is still much scope for the development of CSR in general terms and even more scope for the development of CSR in relation to knowledge intensive services industries and it is for this reason that this research is both relevant and necessary.

The next chapter presents a conceptual framework of the CSR process in its current form as it arises from this literature review.

Chapter Three - Developing a Conceptual Framework of the CSR Process

3.1 Introduction

'Even carefully collected results can be misleading if the underlying context of assumptions is wrong'.

- Heinrich (1984, p.151)

The previous chapter reviewed existing literature in the field of CSR and highlighted the gap in knowledge in relation to the CSR process for the knowledge intensive services sector. What follows is an illustrative presentation in the form of a conceptual framework of the CSR process as it has arisen from the literature review as per Eisenhardt (1989). Miles and Huberman (1994, p.18) propose that 'a conceptual framework explains, either graphically or in narrative form [diagrams are much preferred], the main things to be studied - the key factors, constructs or variables - and the presumed relationships among them'. As such, the following conceptual framework has been developed to provide an overview of the concepts, theories relationships and expectations that both support and inform this research.

The conceptual framework explained in this chapter is a tentative theory of the phenomenon that is to be investigated. The function of this theory according to Maxwell (2004) is to aid the assessment and refinement of research aims, goals, the development of realistic and relevant research questions, the selection of appropriate methods and the identification of potential validity threats to the conclusions. The literature review that informs the development of this framework has been compiled from a combination of academic, legal, regulatory and industry sources so as to ensure a wide knowledge base and an unbiased view of the CSR process.

Figure 3.1 below is the conceptual framework of the CSR as constructed from the literature review:

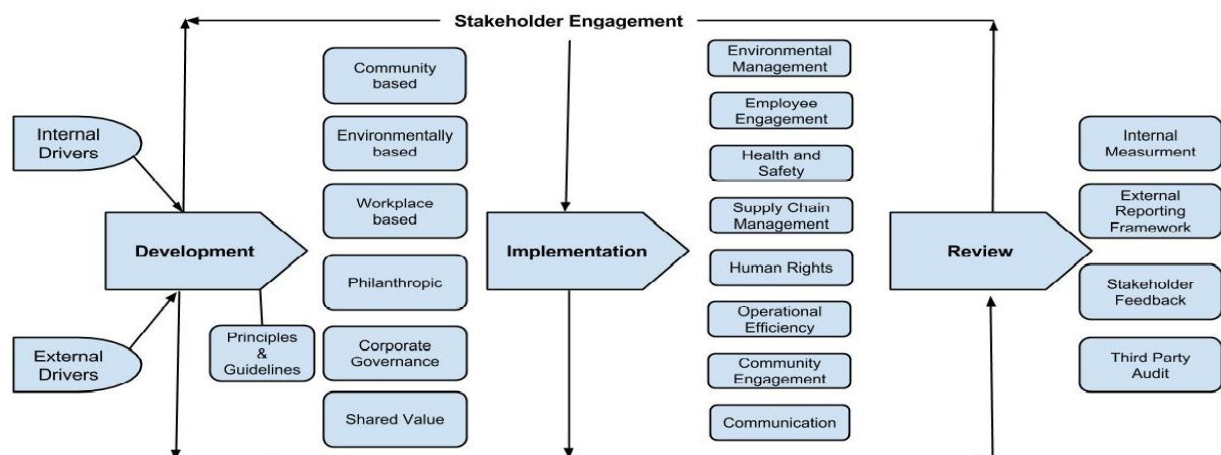


Figure 3.1 A Conceptual Framework of CSR

The lack of CSR literature dedicated to the knowledge intensive services sector ensures that the framework developed from it is representative of CSR in general terms. Therefore it is the intention of this framework to provide a theoretical perspective of the CSR process and also to provide a basis for comparison for the findings of the case studies and the resultant framework.

The conceptual framework broadly consists of three stages that of which are the development, implementation and review. What follows is an explanation of how the conceptual framework was developed from the literature review. The first area of discussion in this chapter is that of CSR drivers.

3.2 CSR Drivers

The rationale for CSR may arise from a variety of influences, some of which are discussed in section 2.3 of the literature review. For the purpose of this conceptual framework these influences or drivers have been grouped into the two sub categories of internal drivers and external drivers. These are presented below in Table 3.1

Internal	External
<i>Organisational Conditions:</i> Corporate governance Corporate culture Leadership Ethics <i>Strategic incentives:</i> Competitive advantage Reputation management Employee motivation Innovation Risk management	Stakeholder expectation/pressure Legal and regulatory compliance Political influence NGO pressure Market forces

Table 3.1 CSR Drivers

Whilst businesses can potentially determine which of these factors has the most influence upon their approach to CSR, there will be none that can regard themselves as immune to both. It has been argued that internal drivers are 'more predictive of sustained progress' (Mirvis and Googins, 2006) as they allow for a proactive approach to CSR and so businesses can develop appropriate strategies. Those who opt for a more reactive approach allow external drivers to dictate their CSR approach and so may not be privy to the same level of control.

3.3 Development

'a CSR program must align with the values, norms, and mission of the organization'.

- Maignan *et al.*, (2005)

The development stage of the conceptual framework is broad ranging and has been heavily influenced by both stakeholder and enlightened shareholder theories discussed in the literature review. Central components include:

- alignment of business and CSR goals
- stakeholder identification and weighting
- devising an appropriate CSR strategy
- embedding a culture of CSR

At this stage of the CSR process a business will be looking to manage its impact on stakeholders, the community and the environment (BITC, 2012) and how to develop a correlation between this and the success of the business. The resultant approach will be indicative of the ethics and values by which the business is conducted and these will be reflected in levels of stakeholder engagement, CSR reporting and measurement of impacts. The development stage sets out a clear vision of what CSR means to the business and how if implemented effectively can be for the benefit of all stakeholders (including shareholders). The complete integration of CSR will require it becoming fully integrated into the 'culture, governance and strategy-development efforts of the company, and into existing management and performance systems' (McElhaney, 2009, p.33).

The development stage allows businesses to plan their CSR approach against the complexities of their operating environments and so consider the implications of CSR across the full range of business functions and how these impact individually in both a social and environmental context. The growing expectation and changing nature of CSR ensures that the developmental stage is continuously re-visited so as to ensure the integrity of the process.

3.4 Implementation

The implementation stage refers to the ongoing processes and practices undertaken as part of the CSR strategy. The effectiveness of a CSR policy can be largely dependent on value placed on the concept by the leadership of a business and the investment of time and resource which will guide the implementation. It is at this stage that a business demonstrates its commitment to the CSR process and stakeholders can determine whether or not the business is 'walking the talk' (Industry Canada, 2012).

The implementation stage of the CSR process can be complicated by the context of the industries and the potential for influence of stakeholder groups and their concerns and objectives. The process can be further complicated by the actions of competitors and the countries and cultures in which they operate (Werther and Chandler, 2010). Whilst each the aforementioned factors can

combine to influence the areas of focus for the implementation stage, the following is a non exhaustive list of common areas of consideration:

- environmental impact
- employee engagement
- health and safety
- supply chain management
- human rights
- operational efficiency
- community involvement
- corporate governance
- transparency and disclosure
- communications

The implementation stage takes CSR from planning to reality and so if it is to be successful then the needs and demands of related stakeholders must be met. This process requires a sufficient stakeholder engagement process where clear lines of communication are identified and utilised to ensure the effective monitoring and review of the process

3.5 Review

The review stage of the process allows for the demonstration of the fact that CSR processes and activities are achieving the desired results. The review stage also allows for businesses to manage potential operational and reputational risks whilst also identifying further opportunities that respond to the expectations of stakeholders (Simpson, 2007). As such the review stage of the CSR process facilitates the measurement of areas such as:

- Stakeholder satisfaction and development
- Environmental performance
- Brand value and reputation
- Potential for innovation
- Risk profile
- Performance of the board
- Improvement of organisational systems
- Compliance with legal and regulatory requirements of the organization
- Reporting

- Castka *et al.* (2005)

As well as providing analysis on the effectiveness of process, the review stage provides for comparison with third party guidelines and frameworks such as the Global Reporting Initiative and the ISO 26000 Guidance Standard on Social Responsibility as described in section 2.15 of the literature review.

The review stage, if effectively implemented, ensures the integrity of the CSR process and demonstrates a commitment by the business to respond to the increasing complexities of the contexts in which they operate where stakeholder concerns have the potential to evolve into critical strategic issues.

3.6 The Role of the Stakeholder

The value of stakeholder consideration is apparent through the general uptake of CSR throughout the corporate world, the multitude of academic papers in its favour and its inclusion in statutory regulations. The argument for a more conscious form of capitalism is growing (Mackey and Sisoda, 2013) and an appreciation for the value of an inclusive approach to business (Ghosh and Ghosh, 2011). The framework displayed in figure 3.1 illustrates the level of involvement as being continuous across each of the three stages and is based on the presumption of stakeholder consultation and engagement being an iterative process. Figure 3.2 below further illustrates this process by identifying sub processes as outlined by Jeffrey (2009).

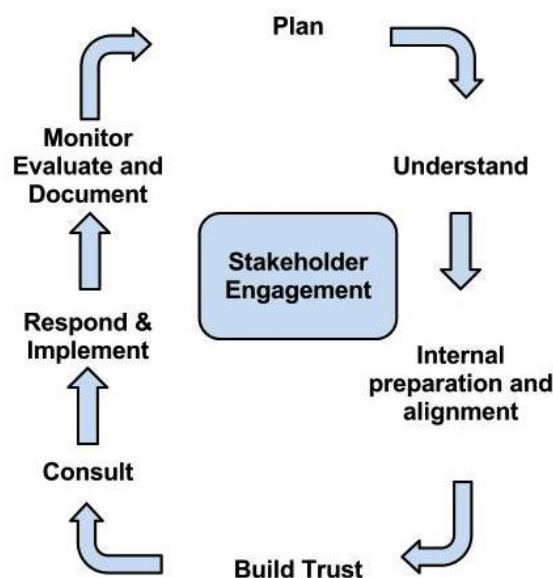


Figure 3.2 CSR Sub Processes

Stakeholder consideration is the cornerstone of CSR and so inclusion of stakeholders across every stage of the CSR process provide for a robust CSR strategy. If potential stakeholder issues are

anticipated through the engagement process then businesses can be pro-active in their approach to addressing these issues in their decision making as required by S.172 CA 2006.

3.7 Conclusion

The conceptual framework outlined in figure 3.1 is an interpretation of the CSR process in general terms. Existing CSR related literature demonstrates a lack of such a framework with industry specifications for the knowledge intensive services sector. The framework accounts for the motivation, delivery and engagement that combine for an effective CSR strategy and draws directly from literature discussed in chapter two.

This framework is revisited in chapter eleven where a comparison is made with the findings from the analysis of data in relation to the CSR process as it exists in the case studies.

Chapter Four - Research Philosophy and Methodology

'The formulation of a problem is often more essential than its solution'.

- Albert Einstein (1942)

4.1 Introduction

The previous chapters provided an insight into the development of corporate governance theory and the evolution of CSR as well as the presentation of a conceptual framework. These chapters also identified the need for empirical research around the development of a CSR framework and the accompanying implications for minimally invasive industries and the potential benefits of its utilisation. This chapter communicates the rationale for the philosophical and methodological approach taken in the collection and analysis of data for this research. To that end the three key aims of this chapter are:

1. To describe and discuss the ontological, epistemological and methodological basis of the research.
2. To describe the multi-method approach (semi structured interviews, surveys and secondary data analysis).
3. To discuss the validity and reliability of the approach to this research.

Table 4.1 below outlines the approach taken in achieving these aims:

Paradigmatic Assumptions	
Methodological paradigm:	Qualitative (with support from Quantitative)
Meta-Theoretical paradigm:	Interpretivism and Social Constructivism
Research Design	
Multiple Case Studies	
Selection of case:	Purposeful sampling
Selection of participants:	Purposeful sampling
Data collection techniques:	Semi structured interview Surveys Secondary data analysis
Data Analysis and Interpretation	
Constructivist grounded theory and interpretation	
Quality Criteria of the study	
Credibility, transferability, dependability confirmation, authenticity, triangulation	
Ethical Considerations	
Expertise of the researcher, confidentiality, anonymity and trust, free of coercion, free from conflicts of interest	

Table 4.1 Paradigmatic Assumptions

4.2 Paradigmatic Assumptions

It is the intention of this research to gain an insight into the respondents perceptions of the motivations and approaches to CSR and to examine the effectiveness of these mechanisms. The intention is to construct a conceptual framework that will guide new approaches to CSR and enhance existing ones. For this to be successful it is imperative that the most appropriate research method is used, one that demonstrates a clear and detailed understanding of the phenomena being investigated and one which ensures that the outcome is recognised as both a practical business tool and a valid contribution to knowledge. Opinion as to what constitutes legitimate inquiry in research continues to vary but generally the camps are that of 'experimentalist', 'hypothetico-deductive' or 'positivist' and 'naturalistic' 'contextual' or 'interpretive' (Henwood and Pigeon, 1993, p.15) where the former stems from the need to test a theory and the latter to develop a theory.

The phenomena of CSR is multi faceted and encapsulates many areas including law, business management, corporate governance and social science. With this in mind a combination of research techniques were employed to address the 'how do we know, what we know and how do we gain knowledge' questions (Goles and Hirschheim, 2000, p.252). These techniques and the reasoning behind their choice will be explained throughout this chapter.

4.3 Ontology and Epistemology

Essentially it is the researcher's perception of reality which will influence the assumptions that become the cornerstone of the research undertaking. The ontological question of 'what is the nature of reality?' becomes the single biggest influence on how this (or any) research as it questions what things, if any, have existence or whether reality is 'the product of one's mind' (Burrell and Morgan, 1979, p.1) or whether there are multiple realities based on one's construction of reality and where this reality is socially constructed which in turn ensures the potential for constant change (Berger and Luckmann, 1966). A strong argument against the notion of a single reality is put forward by Guba (1990, p.27) who states that 'reality is in the form of multiple constructions, socially and experimentally based, local and specific, dependent for their form and content on the persons who hold them'.

This research assumes that there can be no absolute reality and the subjective nature of CSR is created by the groups and individuals who operate within and contribute to the process thus creating a subjective reality based on range of contexts which include societal, regulatory, environmental, political and economic.

Epistemology concerns the 'nature, validity, and limits of inquiry' (Rosenau 1992, p.109) and 'how is it possible, if it is, for us to gain knowledge of the world?' (Hughes and Sharrock 1997, p.5) whilst also communicating the outcome of the enquiry to others. The two major philosophical approaches are that of objectivity and subjectivity or positivism and phenomenology (Easterby-Smith *et al.*, 1991) or positivism and interpretivism (Lee, 1991). Both approaches can be further delineated by several core assumptions concerning ontology (reality), epistemology (knowledge), human nature (pre-determined or not), and methodology (Holden and Lynch, 2004).

The epistemological base for research is one which 'considers the appropriate foundation for the study of society and its manifestations, provides the underlying philosophical basis for the arguments supporting the validity of a research strategy' (Schell, 1992, p.8). Jessor *et al.* (1996, p.53) claim that it is 'rhetorically unavoidable, discussing epistemological questions in social science, to compare 'qualitative' and 'ethnographic' methods with those which are 'quantitative' and 'survey'.

The central component of this research is that of the corporate vehicle which comprises of owners, managers and employees and so represents a clear example of a social construct. Therefore each of these groups represent respondent targets. In an effort to understand what influences the business culture this research seeks insight into companies operating in minimally invasive industries and details perception of the importance of CSR strategy as to understand the 'corporation', the researcher must be familiar with the positioning of these groups, their business goals and their pathways to achieving these. This combined with the subjective nature of CSR itself (Rooseberry, 2006) guided the decision for this research to toe the qualitative line but with support from quantitative endeavors. Further insight into this choice is provided later in this chapter.

4.4 Interpretivism and Social Constructivism

The interpretative paradigm supports the belief that reality is constructed by subjective perception. The philosopher Emmanuel Kant argued that whilst we can obtain knowledge about the world it will always be subjective in the sense that it is filtered through human consciousness (Jackson and Sorenson, 2007). Therefore when using this paradigm it is the role of the researcher to challenge preconceived assumptions around the nature of the phenomena being investigated (Toren, 1996). To do so effectively, the researcher must demonstrate empathy in attempting to understand the world from the point of view of the participants and their frames of reference (Denzin and Lincoln, 2000).

The core belief amongst interpretivists is that reality is not objectively determined, but rather socially constructed (Husserl, 1965) and so supports the argument that social constructivism is within the paradigm of management theory (Burrell and Morgan, 1979) with the underlying assumption being that, by placing people in their social contexts (in this case the company) there is greater opportunity to understand the perceptions they have of their own activities (Hussey and Hussey, 1997). In utilising social constructivism in this research we are offered a way of examining corporate behaviour where companies are viewed as subjective realities which are in a continuous state of construction through the interaction of owners, managers, employees and external stakeholders.

Both intepretivism and social constructivism are related in that they 'share the goal of understanding the complex world of lived experience from the point of view of those who live it' (Schwandt, 1994, p.118). In doing so the very nature of these approaches necessitates the use of qualitative research techniques (Kaplan and Maxwell, 1994).

4.5 Qualitative Versus Quantitative Research

Qualitative and quantitative research methodologies are rooted in the naturalistic and positivistic philosophies (Newman and Benz, 1998, p.2). Both use 'empirical methods to decipher the workings of social, cultural, and legal processes' (Coutin, 2011, p.1). Quantitative research 'seeks explanatory laws' and qualitative research 'aims at in-depth description' (Anderson, 2006, p.3). Although they are polar opposites, if used in correlation with each other (where possible) they can provide a high degree of triangulation.

Qualitative research is defined by Creswell (1998, p.15) as 'an inquiry process of understanding based on distinct and methodological traditions of inquiry that explore a social or a human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants and conducts the study in a natural setting'. Denzin and Lincoln (2000, p.3) elaborate on this by claiming that 'qualitative researchers deploy a wide range of interconnected interpretive practices, hoping always to get a better understanding of the subject matter at hand'. The use and importance of qualitative research methodologies in the social sciences and related professional fields has greatly increased in the past two decades (Denzin and Lincoln, 1998) and (Marshall and Rossman 2011).

The flexibility provided by qualitative research is ideal for research into CSR as it is not limited to defined variables. The use of qualitative research enables an open analysis of the subject where attitudes and behaviours can be examined and initial responses can be expanded on. In the case

of CSR it can help build a detailed picture of how current industry approaches have come about and what is driving these approaches.

Quantitative research focuses on numeric and quantifiable data and can be divided into that of experimental or non-experimental and where 'conclusions are based on experimentation and on objective and systematic observations' (Belli, 2008, p.60). Quantitative research uses structured and formalised methods such as sampling, surveys and questionnaires which provide a high degree of control for the researcher and enable statistical analysis. Ultimately the assumption behind the quantitative research or the 'positivist paradigm' is that 'there is an objective truth existing in the world that can be measured and explained scientifically' (Matveev, 2002).

Kruger (2003) claims that 'quantitative methods allow us to summarize vast sources of information and facilitate comparisons across categories and over time'. Quantitative research allows for a broader study base, its standards and structure are conducive to replication which in turn provides for generalisation and the avoidance of any personal bias on the part of the researcher(s). However quantitative research generally involves fewer variables than qualitative and its rigidity and numerical descriptions do not represent human perception or personal feeling and it is open to structural bias (Learn Higher, 2011). While there is not necessarily a need for the vast sources referred to by Kruger (2003) the quantitative element of this research has enabled a wider net for respondents and so gives a greater understanding of how the phenomena is understood on different levels.

The concept of mixed methodology is not unusual and it has been argued that 'qualitative and quantitative methods should be viewed as complementary rather than as rival camps. In fact, most textbooks underscore the desirability of mixing methods given the strengths and weaknesses found in single method designs' (Jick, 1979, p.602). This statement is supported by Guba and Lincoln (1994, p.105) who argue that 'both qualitative and quantitative methods may be used appropriately with any research paradigm. Questions of method are secondary to questions of paradigm, which we define as the basic belief system or world view that guides the investigation'.

A study into the benefits of mixed methodology undertaken by Jonson, Onwuegbuzie and Turner (2007) who asked numerous leaders in mixed-methods research for their definitions of the approach and compiled their responses. The conclusion was that mixed-methods research is a combination of 'elements of qualitative and quantitative research approaches (e.g. use of qualitative and quantitative view points, data collection, analysis, inference techniques) for the purposes of breadth and depth of understanding and corroboration' (ibid, p.123).

The mixed methodology approach is especially suitable to this research as it is better suited to unraveling phenomena 'of enormous complexity' (Berliner, 2002, p.20) which is a description that would best suit CSR (Visser *et al.*, 2010). With this in mind there is little need to justify the use of one over the other and instead emphasis is placed on the benefits of combining them both for the most productive outcome. Therefore this research views both qualitative and quantitative methods as a combination of research techniques, both of which are appropriate depending on each specific objective.

4.6 Inductive Versus Deductive Enquiry

The analysis and interpretation of data in research can be undertaken by using both inductive and deductive reasoning. Inductive analysis is grounded in the data and can be described as moving from the specific to general whilst deductive analysis is guided by a theoretically informed analysis framework and moves from the general to specific (Schadewitz and Jachna, 2007).

Inductive reasoning has been defined by Zikmund (2003, p.47) as 'the logical process of establishing a general proposition on the basis of observation of particular facts'. The primary goal of the inductive approach according to Thomas (2003, p.2) is to allow research findings to emerge from the 'frequent, dominant or significant themes inherent in raw data, without the restraints imposed by structured methodologies'. The inductive approach is dominant in the first stages of the research where theory emerges from data and CSR approaches and relationships are analysed with the intention of assessing the move towards stakeholder governance and the development of the framework.

Deductive reasoning is 'the logic process of deriving a conclusion from a known premise or something known to be true' (Zikmund, 2003, p.46) or in this case the general perception of truth as developed through the inductive research. It starts with an 'abstract, logical relationship among concepts then moves towards concrete empirical evidence' (Neuman, 1997, p.46). The validation of the resultant framework by those close to CSR practice is the result of a deductive approach in that it seeks to identify whether it can enhance the process of the development of CSR policy and practice.

The decision to use either of these approaches will be largely due to the type of research question involved. For the purpose of this research these processes are not viewed as mutually exclusive as research theory can lead to observations which can lead to the identifying of new patterns which in turn lead to the development of new theories thus evidencing the need for both inductive and deductive analysis. This research employs both inductive analysis to identify patterns,

deductive analysis to structure and format these patterns and comparative analysis to evaluate the applicability to these patterns across the businesses.

4.7 The Research Design

The research design is the overall plan for connecting the conceptual research problems to the pertinent (and achievable) empirical research Ghauri *et al.* (1995). Three types of research relevant to business are classified by Zikmund (2003) as being exploratory, descriptive and causal. The primary concern of exploratory research is discovery and the building of theory (Jupp, 2006). Descriptive research involves gathering data that describe events and then organises, tabulates, depicts, and describes the data collection (Glass and Hopkins, 1984). Causal research seeks to identify the 'way of knowing' how one thing causes another and is used to try and understand and predict relationships amongst variables in a phenomenon (Zikmund, 2003).

The primary focus of this research is on the analysis of current CSR processes, from which an emerging set of propositions will be developed into a guidance framework for companies looking to begin their CSR journey or refresh existing strategies. The current lack of literature in this particular area, the complexity and subjective nature of the topic and the expectation for practical results determined the epistemological approach outlined earlier combine to necessitate a predominantly exploratory approach and the level of depth required to achieve these outcomes presents a good case for the adoption of case study methodology.

4.8 Case Studies

'The most challenging aspect of the application of case study research in this context is to lift the investigation from a descriptive account of 'what happens' to a piece of research that can lay claim to being a worthwhile, if modest addition to knowledge'.

- Prof. Jennifer Rowley (2002, p.16)

The research question strongly influences the research strategy, this strategy generally being distinguished into three main types, experiments, surveys and case studies (Robson, 1993). Case studies are the preferred strategy for the 'why' and 'how' questions and ideal for when the investigator has little control over events and when the focus is on a contemporary phenomenon within some real life context (Yin, 1994). The development of the framework in this research necessitated in-depth analysis of how minimally invasive businesses approached CSR. The initial decision was between a survey approach, which gives access to a wider population of respondents, or a case study approach which has a much narrower respondent base but allows for much deeper analysis through techniques such as semi-structured interviews which allow for

exploration of answers and are not confined to the rigidity of surveys. With this in mind the decision was made to go for a multiple case study strategy with three case study subjects.

The case study is an adaptable methodology in that it can accommodate a variety of research designs, data collection techniques, epistemological orientations and disciplinary perspectives, and so is an appropriate strategy for answering questions about how or why? (Corcoran *et al.*, 2004). The adaptability of case study methodology is emphasised by (Yin, 2009, p.15) who notes that it does not have to be solely qualitative and can be a mix of both qualitative and quantitative and does not always need to include 'the direct and detailed observational evidence marked by other forms of qualitative research'. The adaptability of case studies is such that they enable the tackling complex research questions and the variables within as well as providing a form of data collection and/or a type of unstructured analysis and so is suitable for considering the how and why of questions when the researcher has little control over events (Schell, 1992). Stake (1978, p.1) claims that case studies will 'often be the preferred method of research because they may be epistemologically in harmony with the reader's experience and thus to that person a natural basis for generalisation'.

Case studies enable the researcher to closely examine a phenomena in its natural context and so in the case of this research the phenomena is that of CSR and the context, the company. Yin (1984, p.3) defines the case study as being 'an empirical enquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident' and it 'relies on multiple sources of evidence'. Case study methodology facilitates the research objectives and provides for the in-depth analysis necessary to understand the CSR phenomena in minimally invasive companies. With this in mind the following section provides an overview of case study methodology and explains its role in achieving the research objectives.

Case studies offer 'a means of investigating complex social units consisting of multiple variables of potential importance in understanding the phenomenon' Merriam (1988). This type of research entails a detailed investigation of 'individuals, groups, institutions or other social units' (Key, 1997) and is widely used in the fields of business, organisational studies and social sciences (Klenke, 2008, Ghauri and Firth, 2009) as well as presenting a valid approach to the evaluation of CSR (Waddock and Graves, 1997). Stake (2005, p.438) proposes that a 'case study is not a methodological choice but a choice of what is to be studied'.

For a case study to be optimal it requires a clear research question (Gerring, 2007), a robust research design (Dooley, 2002), a detailed understanding of existing literature (Voss *et al.*, 2002), the synthesis of data (Tere, 2006) and the presentation of a convincing argument (Siggelkow,

2008). Schramm, (1971, p.6) observes that 'the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result'. During the course of a case study the occurrences that brought about the result become apparent and present a good opportunity to highlight successes and failures that have thus far occurred (Neale *et al.*, 2006). Yin (2009, p.27) identified five components of research design that are important for case studies as being:

- 1) A study's questions
- 2) Its propositions, if any
- 3) Its unit(s) of analysis
- 4) The logic linking the data to the propositions
- 5) The criteria for interpreting the findings

It is Yin's proposition that research design should outline what data are to be collected and what is to be done with this data 'as indicated by the logic linking the data to the proposition and the criteria for interpreting the findings' (p.34-35).

Case study methodology 'exists to systematise evidence so as to suggest hypotheses for testing and, pending that, to provide a basis of fact and insight for possible application to decision making' (Schramm, 1971 p.2). In using a variety of data sources such as documents, interviews, observation and in this case surveys, the case study allows for multiple facets of the participants to be examined ensuring a balanced exploration of the phenomena (Baxter and Jack, 2008).

4.8.1 The Case Study Versus Other Research Strategies

A common misconception of case studies according to Yin (2009) is that they are only suitable as a preliminary research method or for the exploratory phase of an investigation with surveys and histories being more appropriate for the descriptive phase and experiments for explanatory or casual enquiries. Eisenhardt (1989, p.548) claims that case studies are 'particularly well suited to new research areas or research areas for which existing theory seems inadequate'.

The labeling of case study research as exploratory, descriptive or explanatory does not imply that they should be exclusive from each other (Schell, 1992) and although there is some overlap Yin (2009) notes that every research method (experiment, survey, archival analysis, history and case study) can be used for the purpose of exploratory, descriptive and explanatory research. Proponents of wider application of case studies, such as Yin (2009) argue that the use of case studies is only limited by lack of understanding of the types of applications, the types of research questions best addressed (as opposed to other strategies) and the type of case study design

(Schell, 1992). The adaptability of case studies enable them to tackle complex research questions and the variables within as well as providing a form of data collection and/or a type of unstructured analysis and so is suitable for considering the how and why of questions when the researcher has little control over events (Schell, 1992). That is true of this research as the approach to CSR taken by each of the case studies has been defined and shaped by industry specific factors such as the global environment in which they operate. The concepts and variables that determined each company's approach would be difficult to quantify using experimental or survey methods and so the case study represents the most consistent option.

4.8.2 Multiple Case Studies

Case study research can focus on a single case or multiple cases. Dark *et al.* (1998, p.281) suggest the use of single case research provides for 'in-depth investigation and rich description' while multiple case research allows 'literal or theoretical replication and cross-case comparison'. The selection of a case study relies on 'theoretical or purposive sampling strategies' and can contribute to an emergent theory (Klenke, 2008, p.4) or provide examples of polar types or extreme situations (Eisenhardt, 1989).

The use of single case studies can be appropriate if the phenomena being examined is unique or extreme or is being used to confirm or challenge a theory (Yin, 1994) or the phenomenon being examined was previously inaccessible (Klenke, 2008). However if the multiple case study approach is used the same research question can be answered with data being collected from different sources. If taken from a positivist perspective, Darke *et al.* (1998, p.278) claim that the findings from a single set of empirical circumstances are generalisable to other empirical settings 'when additional cases test and confirm those findings in other settings' thus showing that multiple case studies can 'strengthen research findings in the way that multiple experiments strengthen research findings'. Pauwels and Mattyssens (2004, p.129) argue that a switch from single to multiple case study research can result in a loss of depth and the only reason to do so would be to 'create more theory-driven variance and divergence in the data, not to create more of the same'. This is in contrast with Yin (2009) who argues that where possible (subject to choice and resources) a multiple case study design is preferred. Yin (2009) claims that the increased analysis provided by multiple design substantially benefits a study as it 'avoids putting all your eggs in one basket'. Multiple case studies offer 'direct replication' or 'hypothesized contrast' (Yin, 2009) each of which add rigor to a conclusion and enhance their defendability.

This research analyses the approach to CSR in different companies and so represents a multi-case study design with a single unit of analysis (Yin, 2003). In analysing each case study the research seeks to identify similar traits in each company that have had a bearing on their present

approach to CSR. Stake (2006) suggests that a multi case study ‘is a special effort to examine something having lots of cases, parts or members’. Multi case studies may be inductive, deductive and employ comparative methodology (Stewart, 2010) and when used ‘must follow a replication rather than sampling logic as replicating the pattern matching increases confidence in the robustness of the theory’ (Tellis, 1997).

A technical description of the analytical function of a multi case study could be that of ‘a particular kind of sampling technique, through which it is possible to analyse constructs-in-practice’ (Stewart, 2010). In this case the collective target of the research is CSR and so inductive research is used in examining the approach’s taken by multiple case studies to identify common themes. The number of cases in this research (three) was chosen to maximise variance (Stewart, 2010) whilst ensuring the process remained manageable.

4.8.3 The Case Study Roadmap

Thies and Volland (2010) claim that a case study is a ‘highly iterative process including several subtasks and multiple feedback cycles that allow the adaptation of the research methodology by incorporating insights becoming eminent during the research process’. The criteria used in performing the case studies is rigorous and has been adapted from Eisenhardt’s (1989) eight step roadmap which outlines a roadmap for theory building from case study research that uses a combination of qualitative grounded theory and case study approach. This table is outlined below:

Step	Activity	Reason
Getting started	Definition of research question	Focuses efforts
	Possibly a priori constructs	Provides better grounding of construct measures
	Neither theory nor hypothesis	Retains theoretical flexibility
Selecting cases	Specific population	Constrains extraneous variation and sharpens external validity
	Theoretical, not random, sampling	Focuses efforts on theoretically useful cases – i.e., those that replicate or extend theory by filling conceptual categories
Crafting instruments and protocols	Multiple data collection methods	Strengthens grounding of theory by triangulation of evidence.
	Qualitative and quantitative data combined	Synergistic view of evidence
	Multiple investigators	Fosters divergent perspectives and strengthens grounding
Entering the field	Overlap data collection and analysis, including field notes	Speeds analyses and reveals helpful adjustments to data collection
	Flexible and opportunistic data collection methods	Allows investigators to take advantage of emergent themes and unique case features

Step	Activity	Reason
Analysing data	Within-case analysis	Gains familiarity with data and preliminary theory generation
	Cross-case pattern search using divergent techniques	Forces investigators to look beyond initial impressions and see evidence through multiple lenses
Shaping hypotheses	Iterative tabulation of evidence for each construct	Sharpens construct definition, validity, and measurability
	Replication, not sampling, logic across cases	Confirms, extends, and sharpens theory
	Search evidence for 'why' behind relationships	Builds internal validity
Enfolding literature	Comparison with conflicting literature	Builds internal validity, raises theoretical level, and sharpens construct definitions
	Comparison with similar literature	Sharpens generalizability, improves construct definition, and raises theoretical level
Reaching closure	Theoretical saturation when possible	Ends process when marginal improvement becomes small

Table 4.2. Process of building theory from case study research (Eisenhardt, 1989, p.533)

During the preparation of the case study research every care was taken to ensure flexibility in the process and the possibility of gaining new insights through additional data sources recognised (Eisenhardt, 1989). This is reflected in the case study roadmap below which is influenced by both Yin (2009) and Eisenhardt (1989) and outlines the structure of the case studies.

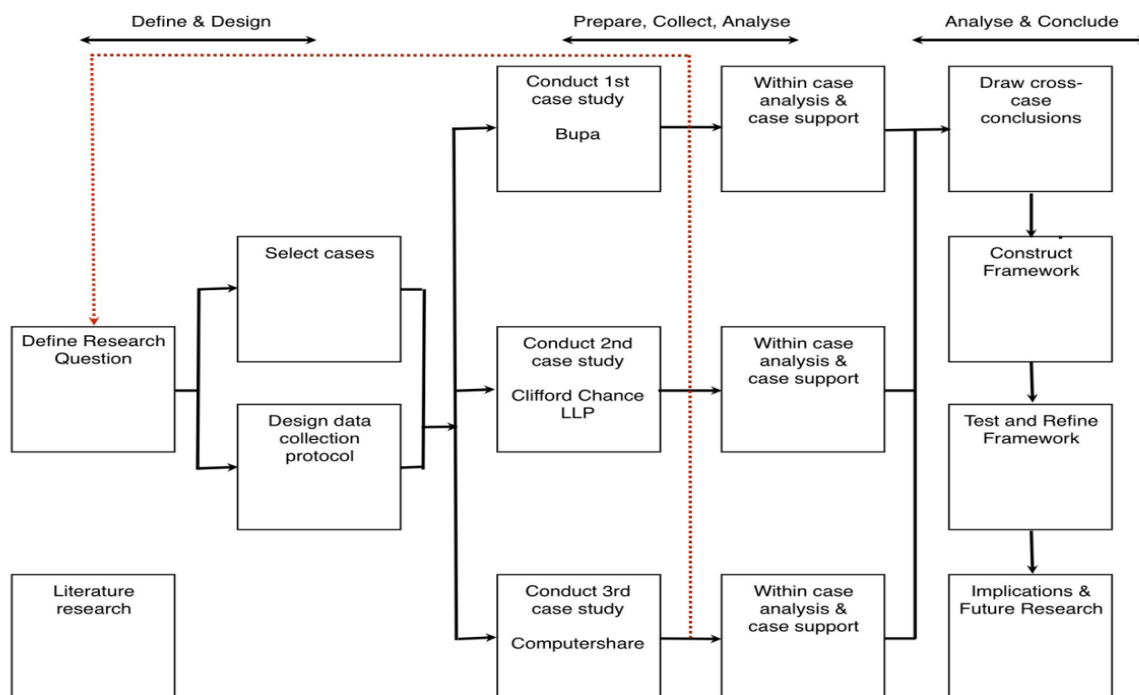


Figure 4.1 Case Study Roadmap

4.8.4 The Value of Case Study Research to this Research

The use of case studies aids the evaluation of each company's CSR practices and identifies potential explanations for their success or failures whilst examining the development and characteristics of phenomena with the goal of developing hypotheses of cause-effect relationships. Case study research is used to test these hypotheses for causal relationships through the comparison of case study findings with underlying theory.

4.9 Data Collection

The aims and objectives of the research determined the type of data that needed to be collected and ultimately the type of research tools required to carry this out. An integrative approach was decided to be most appropriate with a view to providing insights from a variety of perspectives and so the three data collection methods of semi-structured interviews, survey questionnaires and documentary analysis were employed.

- **Semi Structured Interviews:** Full permission was given to interview relevant persons within the chosen companies. These interviews were semi-structured as this technique is flexible and offers the interviewer the opportunity to explore an issue whilst allowing the interviewee to express their opinions, concerns and feelings. Bell (2005) notes this type of interview enables the interviewer to acquire a set of responses that can be 'easily recorded, summarised and analysed'.
- **Questionnaire Surveys:** A research technique in which information is gathered from a sample of people by use of a questionnaire (Zikmund, 2003). These consist of structured questions (Malhotra and Birks, 2000) of a (supposedly) representative cross section of the population at a single point in time (Bailey, 1982).
- **Documentary Analysis:** The analysis of documents which contain information about the phenomena which is being studied (Bailey, 1994). This will consist of corporate documents that are available to the public, internal documents that have been made available as part of the research and external reports relating to the company's approach to the phenomena. All external sources were checked for reliability to ensure that it is what it purports to be and truthfully reports on the subject as per the recommendation of Barzun and Graff (1992).

By employing both quantitative and qualitative approaches to data collection the research seeks to overcome the potential for any bias that might arise from using a single method only. This multi method approach is now viewed a perfectly good and feasible choice for the collection of data (Hussey and Hussey, 1997) and necessary in the pursuit of reliability and validity (Denzin, 1978).

4.10 Data Analysis - Grounded Theory Methodology

'data don't generate theory – only researchers do that'

- Mintzberg (1979, p.584)

It is the intention of this research to portray an eidetic picture of the phenomenon of CSR in the knowledge intensive services sector and for this to be achieved it is necessary for the methodology to allow for a context rich analysis. Grounded theory allows for this through the establishment of active dialogue between theory and practice which in turn allows for the development of practically relevant theories (Suddaby 2006).

Grounded theory was initially developed by Glaser and Strauss (1967) as a general methodology for generating theory from the systematic gathering and analysis of data. There has since evolved two schools of thought each of which now differ on the point of prior theoretical assumption. The first of these, as prescribed by Glaser (1992) insists on the researcher having no assumptions prior to the empirical investigation whereas the second and seemingly more moderate approach of Strauss and Corbin (1990 and 1996) permits prior theoretical assumptions or relationships. This research follows the process as espoused by Strauss and Corbin (1990 and 1996) where the preliminary conceptual considerations obtained from both the literature review and practical insight informed and sensitised the researcher to the task ahead.

Data analysis involves the deconstruction, re-organisation and categorisation of data and is the most complex stage of qualitative research (Thorne, 2000). The interpretation of data is dependent on its reconstitution and the insight and imagination of the researcher (Mintzberg, 1979). This research uses a grounded theory approach which provides for the researcher to theorise from evidence existing in the data (Glaser and Strauss, 1967, p. 1). This method is 'an inductive, theory discovery methodology' (Martin and Turner, 1986, p. 141) and was chosen because of its capacity to generate the necessary theory from the qualitative information captured during the interview process. Grounded theory is a robust scientific approach that provides results from diverse and unstructured data (Charmaz, 2006). Glaser and Strauss (1967) emphasize that the grounded theory approach is very useful in providing explanations when researchers are confronted with substantive issues where they have no theory. The 'good science' methods involved in grounded theory make it one of the most popular qualitative interpretive frameworks in the social sciences (Denzin and Lincoln, 1994).

There are two key analytical assumptions in grounded theory which combine to ensure the robustness in the development of the framework. These are:

1) Theory is based upon patterns found in empirical data, not from inferences, prejudices, or the association of ideas.

2) There is constant comparison between emergent theory (codes and constructs) and new data which drives the collection of additional data until 'theoretical saturation' has been reached.

- Glaser (1978, 1992); Strauss and Corbin (1998)

The data compiled from the interviews was collected with the intention of aiding the understanding of diversity and similarities of the perceptions and approaches to CSR within the case studies.

Further explanation as to the application of grounded theory to this research is provided, where relevant, throughout this thesis and most notably in chapter ten where the framework is developed using grounded theory methodology.

4.11 Semi Structured Interviews

Interviews may be formalised and structured or informal and unstructured conversations. Bell (2005, p.159) categorises interviews into that of structured, semi structured and unstructured and claims that structured and semi structured are more easily recorded as responses can be prepared on an interview schedule. Yin (2009, pp107 - 108) identifies another interview typology as being: In-depth interviews, where respondents are asked for both facts and opinions; focused interviews, where questions are derived from case study protocol and formal surveys which use structured questions.

The primary method of interaction with the case studies is through the use of semi structured in-depth interviews to gather both facts and opinion and which according to (Yin, 2009 p.106) represent one of the most important sources of case study information. The use of semi structured interviews allows for an understanding into the subjects point of view through a structured and purposeful conversation (Kvale, 1996) and have previously been successfully used in CSR research (Belal and Cooper, 2004; White, 2006). All interviews were conducted in line with Yin's (2009) recommendations which dictate: (a) follow your own line of inquiry as reflected by the case study protocol, and (b) to ask your actual (conversational) questions in an unbiased manner that serves the needs of your line of inquiry.

The use of these type of interviews offers flexibility in both the designing and refining of the interview schedule as well as the actual conduct of the interview itself. This method provides the interviewee with freedom in their response so areas of particular interest can be examined in more depth and any inconsistencies or contradictions resolved. There was an initial consideration of a structured e-mail questionnaire that would be sent to the relevant people in each company used as

a case study. However, given the need for the views and opinions of the interviewee as well as the facts, the decision was made to proceed with semi structured face to face and telephone interviews with the case study respondents.

4.11.1 Designing and Developing the Interviews

The importance of the preparation process when preparing an interview is emphasised by Turner (2010, p.757) who claims that the preparation process for interviews 'can help make or break the process and can either alleviate or exacerbate the problematic circumstances that could potentially occur once the research is implemented'. The quality of this research depends to a large extent on the quality of the choice of data collection methods. The aim of conducting this research through interviewing people involved in the implementation of CSR in the case studies is to gather reliable information from which this research can draw valid conclusions.

Kvale (1996, p.88) outlines seven stages of an interview investigation as being:

- **Thematizing:** Formulate the purpose of the investigation and describe the concept of the topic to be investigated before the interviews start.
- **Designing:** Plan the design of the study, taking into consideration all seven stages, before the interview starts.
- **Interviewing:** Conduct the interviews based on an interview guide and with a reflective approach to the knowledge sought.
- **Transcribing:** Prepare the interview material for analysis, which commonly includes a transcription from oral speech to written text.
- **Analyzing:** Decide, on the basis of the purpose and topic of the investigation, and on the nature of the interview material, which methods of analysis are appropriate.
- **Verifying:** Ascertain the generalisability, reliability, and validity of the interview findings. Reliability refers to how consistent the results are, and validity means whether an interview study investigates what is intended to be investigated.
- **Reporting:** Communicate the findings of the study and the methods applied in a form that lives up to scientific criteria, takes the ethical aspects of the investigation into consideration, and that results in an readable product.

4.11.2 Selection of Respondents

In preparation for the interviews for this research, a key member of each company who was involved in the CSR process was contacted initially by e-mail to detail the outline of what would be required by their company. The selection of these candidates was based on their qualification to

provide credible information for the research (Creswell, 2007) and their involvement in the creation and implementation of CSR process within their respective companies.

The initial interviews outlined the research objectives, research strategy and the requirements of the respondents in aiding the research. These also provided an opportunity for the researcher to gauge the appetite for co-operation and alleviate any possible concerns they might have in relation to their company's reputation. Further interviews explored the CSR phenomena in each company, its motivation, development and future direction. These interviews will be described in detail in the respective case study chapters (six, seven and eight).

4.11.3 Interview Preparation

'Creating effective research questions for the interview process is one of the most crucial components to interview design. Researchers desiring to conduct such an investigation should be careful that each of the questions will allow the examiner to dig deep into the experiences and/or knowledge of the participants in order to gain maximum data from the interviews'.

- Turner (2010)

The objective of the case study interviews is to find out:

- Why the company feels the need to implement a CSR Strategy?
- What challenges were faced in developing this strategy?
- Is the current strategy working?
- If so, how can the company show this?
- What components of each strategy can be generalised so as to contribute to the development of a CSR framework

The questions asked in the interview were designed to provide detailed answers to the above objectives. McNamara (2009) recommends that effective interview questions be open ended, neutral, asked one at a time, be worded clearly, and carefully asked (especially the 'why') questions. Kvale (1996, pp.133 -135) outlines nine types of questions as being:

- 1) Introducing questions
- 2) Follow-up questions
- 3) Probing questions
- 4) Specifying questions
- 5) Direct questions
- 6) Indirect questions

- 7) Structuring questions
- 8) Silence
- 9) Interpreting questions

The interview questions for the case studies were constructed having taken note of both McNamara and Kvale with the intention of extracting high quality data from the respondents.

4.11.4 The Interview Process

The planning of the interviews was based along eight principles of preparation stage of interviewing as outlined by McNamara (2009) below:

1) Choose a setting with little distraction.

The setting for the five interviews with Bupa took place at their head office in London. Three of the interviews with Clifford Chance were at their Head Offices in London and two were over the telephone. The five interviews for Computershare were telephone interviews. All face to face interviews took place in dedicated meeting rooms which are quiet, free from distraction and designed for privacy.

2) Explain the purpose of the interview.

The purpose of the interview had been explained in the preliminary proposal and was explained again at the beginning of the interview. The respondents were made aware of the aims and objectives of the research and how their participation could aid the achievement of these.

3) Address terms of confidentiality.

The terms of confidentiality had been addressed in preliminary discussions. Bupa were happy for their name to be publicly identified with the research whilst Clifford Chance preferred to retain the option of being anonymised upon request and Computershare opted for anonymity in any publications that may arise from this research.

4) Explain the format of the interview.

The format of the interview was outlined to the respondents prior to the interview as being semi structured with standardised open ended questions.

5) Indicate how long the interview usually takes.

All interviews were scheduled for 60 minutes and pre-agreed with the respondents.

6) Tell them how to get in touch with you later if they want to.

Respondents were each given both personal contact details and that of Anglia Law School.

7) Ask them if they have any questions before you both get started with the interview.

Respondents were given the opportunity for questions before, during and after the interview.

8) Don't count on your memory to recall their answers.

The meeting was recorded through written notes which were confirmed with the respondent at a later date (member checking).

4.11.5 Member Checking

The results of the individual interviews will be member checked both formally and informally to establish the validity of the account. Member checking is 'when data, analytic categories, interpretations and conclusions are tested with members of those groups from whom the data were originally obtained' (Qualitative Research Guidelines Project, 2011) and is one of the most crucial tests in establishing credibility of data (Lincoln and Guba, 1985). Brenner (2006, p.368) confirms the validity of the technique by stating that 'a common goal for a qualitative interview is to understand an informant's creation of meaning. It is useful to confirm the researcher's interpretation of meaning with informants' perceptions in a process called member checking. At the simplest level, the researcher can share transcripts with informants to see if the interview itself is accurately portrayed. This can provide a researcher with corrections to the transcript or even further elaborations as an informant reflects on what was said during the interview'.

During the course of this research all respondents were presented with the interpretations and conclusions drawn from the interviews for their comment and approval. This was to ensure trustworthiness in the data by way of triangulation through member checking. Interview notes, calendars and drafts of interpretations have been kept by way of a document trail that led to the final conclusions.

4.11.6 Interviews and Ethical Considerations

The Economic and Social Research Council (ESRC) state that 'the principal aim of the ethics review is, as far as possible, to protect all groups involved in research: participants, institutions, funders and researchers throughout the lifetime of the research and into the dissemination process' and identify six key principles of ethical research as being:

- 1) Research should be designed, reviewed and undertaken to ensure integrity, quality and transparency.
- 2) Research staff and participants must normally be informed fully about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks, if any, are involved.
- 3) The confidentiality of information supplied by research participants and the anonymity of respondents must be respected.
- 4) Research participants must take part voluntarily, free from any coercion.
- 5) Harm to research participants must be avoided in all instances.
- 6) The independence of research must be clear, and any conflicts of interest or partiality must be explicit.

Each interview respondent was presented with a copy of the research proposal outlining its goals and objectives along with a participant information sheet detailing their involvement, how they would be involved and two participant consent forms, one for their personal signature and one that required signing on behalf of the company. It was explained to each participant the research was subject to approval by the Research Ethics Committee at Anglia Ruskin University.

It is the intention to ensure that the three concerned parties (respondent, researcher, sponsoring institution) in this research be in full receipt of their rights and fulfill their obligations as suggested by Zikmund (2003, p.89-90):

- Respondents have a right to privacy and to be informed of all aspects of the research whilst they are obligated to give honest answers to research questions.
- Researchers are expected to adhere to the purpose of the research whilst maintaining objectivity, ensuring confidentiality and avoiding the misrepresentation of research findings and shadowing research conclusions.
- Sponsoring Institutions are obligated to observe general business ethics when dealing with research suppliers, avoid misusing the research findings to support its aims, respect respondent's privacy and be open about its intentions to conduct research and about the research question.

Two philosophical approaches that relate closely to the discussion of student research ethics are deontological and teleological philosophies (Polonski, 2011). Deontological philosophies 'emphasise moral obligations or commitments that should be binding or necessary for proper conduct' (Skinner *et al.*, 1988, p.213) whilst teleological philosophies 'emphasise the

consequences that result from an action. In other words, they deal with the moral worth of the behaviour as determined totally by the consequences of the behavior' (ibid). This research recognises both its moral obligations to all parties concerned whilst also recognising consequences of non-adherence to the research structure as outline above.

4.12 Surveys

Survey research is used 'to answer questions that have been raised, to solve problems that have been posed or observed, to assess needs and set goals, to determine whether or not specific objectives have been met, to establish baselines against which future comparisons can be made, to analyze trends across time, and generally, to describe what exists, in what amount, and in what context'. (Isaac and Michael, 1997, p. 136). A survey is a research technique in which information is gathered from a sample of people by use of a questionnaire or interviews (Zikmund, 2003). Surveys are a widely used research instrument that enables the researcher to obtain data about practices, situations or views by asking structured questions of a (supposedly) representative cross section of the population at a single point in time (Bailey, 1982). Quantitative analytical techniques are then used to draw inferences from this data and tell the story of the survey results.

Survey questionnaires are generally used for descriptive or exploratory research (Saunders *et al.*, 2007) and are especially useful to this research as they are used to triangulate information that has been gain from the in-depth interviews. Saunders (2007) identifies two types of questionnaire as being that of the self administered questionnaire and the interview administered questionnaire. The self administered questionnaire can present in the form internet mediated, postal or delivery-collection questionnaires whereas those that are interview administered are structured interviews either by telephone or on a face to face basis. There are two sets of surveys used in this research, the first questionnaire surveys is designed to gain an insight into how employees at an operational level view their respective companies CSR strategies and the second survey was sent out in the latter stages of the research to respondents who worked a CSR capacity to get their views on the framework.

4.12.1 Strengths and Weaknesses of Surveys

Survey research can be regarded as a relatively easy research method with the capability of obtaining information from large samples of the population. However, it is just as easy to conduct a poor quality survey rather than a high quality one that adds value (Kelley *et al.*, 2003). It is also important to note that surveys only provide estimates for the true population, not exact measurements (Salant and Dillman, 1994, p. 13). The following is a brief outline of the recognised strengths and weaknesses of surveys in research as described by Kelley *et al.* (2007):

Strengths

- The research produces data based on real world observations (empirical data).
- The breadth of coverage of many people or events means that it is more likely than some other approaches to obtain data based on a representative sample, and can therefore be generalisable to a population.
- Surveys can produce a large amount of data in a short time for a fairly low cost. Researchers can therefore set a finite time-span for a project, which can assist in planning and delivering end results.

Weaknesses

- The significance of the data can become neglected if the researcher focuses too much on the range of coverage to the exclusion of an adequate account of the implications of those data for relevant issues, problems or theories.
- The data that are produced are likely to lack details or depth on the topic being investigated.
- Securing a high response rate to a survey can be hard to control, particularly when it is carried out by post, but is also difficult when the survey is carried out face to face or over the telephone.

Both the strengths and weaknesses of surveys were considered in choosing the use of surveys and due care and attention was taken in their preparation and design. Regardless of the weaknesses outlined above the survey is the most appropriate method of collating the data required to give the employees perspective on CSR and the CSR professional's views on the framework.

4.12.2 Survey Design

The survey design is in line with the 'Likert Scale' (Social Research Methods, 2012) which is a popular way of collecting subjective data when the respondents ideas (e.g. opinions, knowledge, or feelings) are to be measured (Survey Monkey, 2012). The purpose of the Likert Scale is to sum the scores for each respondent (the response average) with the intention of representing different aspects of the same attitude (Brace 2004, p.86).

The surveys were self administered and delivered by e-mail to the respondents which has been referred to as 'electronic interactive media' methodology (Zikmund, 2003) or 'E-Survey Methodology' (Jansen *et al.*, 2007). The three main categories in this area of research are: E-mail Surveys, Web Based Surveys and Point of Contact (where the respondent completes the survey on a computer provided by the researcher). E-mail surveys, which were the preferred method for this research, are defined as survey instruments that are delivered through electronic mail applications over the Internet or corporate intranets (Sproull and Kiesler, 1986). They are

generally seen as faster, more cost effective and have the potential to encourage higher response rates (Fricker and Schonlau, 2002).

4.12.3 Target Sample

For both surveys used in this research a target population was necessary (as opposed to a random sample). The target population for the first survey, the objective of which was to gain an insight into the general perception of CSR within the companies at operational level, was specified as being operational staff and junior management. The reasoning for this was to see if the CSR culture spoken about in the initial interviews with directors had filtered down and was inherent in each of the organisations. A target of 20 responses was given to each of the distributors as well as a charge of getting at least 20 percent of these from respondents that were employed in offices outside of the UK. Each of the case studies has a global presence and so it was felt that this percentage was necessary to give a broader indication of CSR within each of the case studies. Of a potential 60 possible responses, 43 were received thus giving the survey a 71.6% response rate.

The second survey relates to opinion on the potential for impact of the framework developed through this research and so the target population were those who had detailed knowledge of the CSR processes in each of the companies. This sample was made up of dedicated CSR professionals or CSR Committee members. The number of potential respondents varied in each of the case studies due to departmental structures and the total figure for potential responses was 14. The total number of responses received was 11 thus giving a 78.5% response rate.

4.12.4 Data Analysis

As with all data, analysis and interpretation are required to bring order and understanding. This requires creativity, discipline and a systematic approach (Taylor-Powell and Renner, 2003). The analysis of data from both of these surveys was undertaken using the frequency distribution method which summarises and compresses data by grouping it into classes and recording how many data points fall into each class (Kalain, 2008). Frequency distribution has been described as the 'basic building block' of statistical analytical methods (Kalain, 2008) and aids the organisation and interpretation of data through the identification of the mean, median, mode, variance, standard deviation, and so forth (ibid). This research relies primarily on calculation of the modal value to describe the findings of the surveys.

4.12.5 The Value of Surveys to this Research

The use of surveys greatly enhances the overall rigor in the data collection of this research. The first survey generally supported director's claims of CSR being inherent throughout the cultures of each case study and the second survey provided critique of the CSR framework from a practical perspective.

The surveys are analysed in detail in the Case Study chapters and both questionnaires along with the covering letters are included in the appendices. Further information in relation to the design and dissemination of the surveys is provided in the next chapter.

4.13 Secondary Data Analysis

Secondary analysis is the analysis of pre-existing data to aid the investigation of a new research question or to re-examine primary study questions for purposes of corroboration (Heaton, 2000). Data gathered through this method of research comes from the analysis of documents that contain information about the phenomenon we wish to study (Bailey, 1994). Documents are defined as texts written with a purpose, based on assumption and presented in a certain way or style, the reliability of their content is important and so the researcher must be fully aware of the origins, purpose and the original audience for which these were intended (Grix, 2001). Secondary data can be public documents, archival records, personal documents, administrative documents and formal studies and reports related to the research topic (Sarantakos, 1998). The prime sources of secondary data for this research have been Annual Reports, Dedicated CSR reports, Company Presentations and to a lesser extent, commentary from official social media channels.

4.13.1 Secondary Data Evaluation and Verification

The quality and relevance of the secondary data used in this research has been scrutinised to ensure its validity and reliability using the following guidelines as identified by the Management Study Guide (2011):

- Availability- It has to be seen that the kind of data you want is available or not. If it is not available then you have to go for primary data.
- Relevance- It should be meeting the requirements of the problem.
- Units of measurement should be the same.
- Concepts used must be same and currency of data should not be outdated.
- Accuracy.
- Specification and methodology used.

- Margin of error should be examined.
- The dependability of the source must be seen.
- Sufficiency- Adequate data should be available.

- Management Study Guide (2011)

4.13.2 Advantages and Disadvantages of Secondary Data

Secondary data can be of great value to research as it can be gathered faster and more inexpensively than primary data and in the case of exploratory research it may prevent the 'reinventing of the wheel' in primary data collection (Zikmund, 2003, p.63). However secondary data does become outdated and may not meet the requirements of specific research as it may have been collected for another purpose (ibid).

Wren *et al.* (2007, pp. 72-73) identify the advantages and disadvantages of secondary data analysis as being:

Advantages

- **Low Cost:** The relatively low cost of secondary data is one of its most attractive characteristics. The cost of this data is relatively low when it is obtained from published sources. There is no design cost and only the cost of the time required to obtain the data is incurred.
- **Speed:** A secondary data search can be accomplished in a much shorter time frame than can primary data collection that requires design and execution of a primary data-collection instrument.
- **Availability:** Some information is available only in the form of secondary data.
- **Flexibility:** Secondary data is flexible and provides great variety

Disadvantages

- **A poor fit:** The secondary data collected for some other research objective or purpose may not be relevant to the research question at hand.
- **Accuracy:** The question of accuracy takes several things into consideration. First of all, there is the question of whether the secondary data should be avoided. The next consideration is the organisation or agency that originally collected the data. What is the quality of their methodology and data gathering design? What is their reputation for credibility?
- **Age:** A major problem with published and secondary data is the timeliness of the information. Old information is not necessarily bad information; however, in many dynamic markets, up-to-date information is an absolute necessity.
- **Quality:** Information is sometimes unknown. The reputation and capability of the collecting agency is important to assessing the quality of the information provided. To verify the overall

quality of secondary information, it may be necessary to know how the data were collected, what the sampling plan was, what data collection method was used, what field procedures were utilised, what training was provided, what degree of non-response was experienced and what other sources of error are possible.

4.13.3 The Value of Secondary Data to this Research

Secondary data has been a valuable source of data throughout this research. Corporate websites for each of the case studies are regularly updated and provide for a timely account on the progress of CSR. The assembly and analysis of secondary data aides the understanding of CSR processes and helped to identify the lines of inquiry to be pursued in the generation of the hypotheses. The body of secondary data available (and made available) proved to be invaluable to for the purposes of triangulation and both appropriate and adequate to draw conclusions from in each stage of the research.

4.14 Reliability and Validity

'Without rigor, research is worthless, becomes fiction, and loses its utility. Hence, a great deal of attention is applied to reliability and validity in all research methods'.

- Morse *et al.* (2002, p.14)

Reliability and Validity are the two most important and fundamental characteristics of any measurement procedure and so are essential standards in research. Thanasegaran (2009) defines reliability as 'the degree to which measures are free from error and therefore yield consistent results' whilst Gregory (1992, p.117) defines validity as 'the extent to which [a test] measures what it claims to measure'. Validity implies reliability and where as a valid measure must be reliable, a reliable measure need not be valid (Pellissier, 2008).

High quality research data requires 'truth value', 'applicability', 'consistency' and 'neutrality' to be considered worthwhile. The differences between the qualitative and quantitative paradigms necessitates paradigm-specific criteria for addressing 'rigor' (the term most often used in the rationalistic paradigm) or 'trustworthiness', their parallel term for qualitative 'rigor'(Guba and Lincoln, 1981; Lincoln and Guba, 1985). Within these were specific methodological strategies for demonstrating qualitative rigor, such as the audit trail, member checks when coding, categorising, or confirming results with participants, peer debriefing, negative case analysis, structural corroboration, and referential material adequacy (Guba and Lincoln, 1981; Lincoln and Guba, 1985). All of these strategies were employed in the qualitative element of this research and when applicable transferred to the quantitative side.

Triangulation is typically viewed as a critical element of improving both reliability and validity in both quantitative and qualitative approaches to evaluation as it aides the controlling of bias and helps establish valid propositions (Mathison, 1988). The use of multiple methods such as interviews across the corporate structures in each of the case studies coupled with support from documentary analysis makes for a solid triangulation strategy for this research.

4.15 Conclusion

This chapter provides a comprehensive account of the choice of philosophy, methods and analysis techniques which are employed in this research and so concludes with the following insights:

- 1) Interpretivism and Social Constructivism are appropriate for the development of the CSR Framework.
- 2) The use of both qualitative and quantitative methods enhance the quality of data
- 3) Activities to ensure reliability and validity are consistent with expectations for rigor

The next chapter details the case study selection and data collection processes.

Chapter Five - Introduction to the Case Studies and Methodology

5.1 Introduction

This chapter has been developed to provide a comprehensive introduction to the forthcoming case study chapters. Whereas chapter four justifies the choice of research methodology, this chapter expands on that justification by discussing its practical implications. Therefore, what follows is a discussion of the case study selection and data collection processes as used by the researcher towards achieving the research objective.

The chapter is outlined as follows; firstly, the case study selection process is discussed which covers the development of selection criteria and how the cases were secured. This is followed by discussion on both the interview and survey processes. The chapter concludes by discussing the implications of these methods for the case study chapters.

5.2 The Case Studies

'A Case Study is an examination of a phenomenon in its natural setting, employing multiple methods of data collection to gather information from one or a few entities (people, groups, organisation). The boundaries of the phenomenon are not clearly evident at the outset of the research and no experimental control or manipulations are used'.

- Benbasat *et al.* (1987, p.370)

The use of case study methodology has previously been discussed and justified in chapter four and so what follows is a practical discussion in terms of how case studies were used to explore the approaches taken to CSR by leading organisations in the knowledge intensive sector.

5.2.1 The Number of Case Studies

Arguments as to what constitutes a sufficient number of case studies in research are numerous (Yin, 1993; Yin 1994; Hamel *et al.*, 1993). Whilst it can be argued that a higher number of cases may enhance rigour (Rowley, 2002) this can be countered with the need for a lower number to increase depth of investigation. With this in mind the appropriate number of cases used in this research was decided upon after a thorough review of the research plan, requirements for hypothesis, the provision for sufficient collection of data and time restraints imposed on the research project. The result of which identified the appropriate number of cases as being three.

5.2.2 Selection Criteria

The selection of appropriate cases was critical to the validity of the resultant framework and so every effort was taken to ensure that the chosen cases would be conducive to the illumination and extension of emergent theory (Eisenhardt, 1989). As such the criteria was developed on the basis of a requirement for *theoretical replication* where cases are designed to cover different theoretical conditions so as to provide extensive coverage and optimise the opportunity for the identification of patterns of similarity and difference.

The primary criteria identified for selection was that each case study subject operated in a knowledge intensive services sector of industry.

Supplementary required criteria insisted that each case:

- 1) Has a global presence - A global presence ensures exposure to different societies and cultures and necessitates an adaptable approach to CSR and the consideration of a wide variety of stakeholders in their CSR strategy (Werther and Chandler, 2005).
- 2) Is a recognised 'market leader' in different industries - A recognition of being a market leader in a sector of industry implies successful business strategy and leadership both of which are necessary for a successful approach to CSR (Carson, 2012; Mustovicz *et al.*, 2009)
- 3) Employed a comprehensive CSR strategy - A comprehensive CSR strategy creates social and environmental value, whilst supporting business objectives and enhancing stakeholder relationships, there is no one-size-fits-all CSR model and so approaches may be motivated by a wide range of perspectives and corporate protagonists (Rangan *et al.*, 2012).
- 4) Demonstrated a long term commitment to CSR - A long term commitment to CSR demonstrates an appreciation of the long term value created by CSR (Rodgers, 2008).
- 5) Differing ownership structures - The inclusion of different ownership structures in the selection criteria introduces another variable which sought to determine whether there was an association between ownership and CSR approach.
- 6) Demonstrates a willingness to make data available - Perhaps the most important of all the selection criteria was the willingness of the participants to provide information that went beyond what was published in corporate literature and to participate in semi structured interviews and allow the surveying of employees.

5.2.3 Choosing the Case Studies

As the research question was first identified whilst the researcher was working at Bupa it was decided that subject to the company meeting all of the selection criteria, that Bupa be approached to participate as a case study. A meeting with the Director of Corporate Affairs (Allison Platt) where the research proposal was presented and explained resulted in confirmation of Bupa as the first case study subject.

The selection of further potential cases was initially based on an investigation conducted through online research whereby market leading firms operating in the knowledge intensive services sector were identified in the areas of financial services, legal services, accounting and audit and investment management sectors. Analysis of each of these sectors revealed the following organisations to be potential case study subjects:

5.2.3.1 Financial Services

Goldman Sachs Group, Inc. (GSG)

'The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals'.

- Goldman Sachs (2012)

Sumitomo Mitsui Financial Group (SMFG)

The Sumitomo Mitsui Financial Group is a Japanese financial services company which offers 'a diverse range of financial services, centered on banking operations, and including credit card services, leasing, information services, and securities'.

- Sumitomo Mitsui Financial Group (2012)

5.2.3.2 Legal Services

Clifford Chance LLP (CC)

Clifford Chance is one of the world's leading law firms. It is a single partnership, that has 'unrivaled scale and depth of legal resources across the key markets of Africa, the Americas, Asia Pacific, Europe and the Middle East and in the core areas of commercial activity, Capital markets, Corporate and MandA, Finance and banking, Real estate, Tax, pensions and employment, Litigation and dispute resolution'.

- Clifford Chance LLP (2012)

5.2.3.3 Accounting and Audit

PricewaterhouseCoopers (PwC)

PricewaterhouseCoopers (trading as PwC) is the world's largest professional services firm and the largest of the "Big Four" accountancy firms measured by 2012 revenues. PwC is a 'network of firms in 158 countries which provide 'assurance, tax and advisory services'.

- PwC (2012)

5.2.3.4 Investment Management Services

Man Group plc (MG)

'Man is a world-leading alternative investment management business. It has expertise in a wide range of liquid investment styles including managed futures, equity, credit and convertibles, emerging markets, global macro and multi-manager, combined with powerful product structuring, distribution and client service capabilities'

- Man Group plc (2012)

Although the required number of cases had been set at three it was considered that an approach to each of these businesses be made with the anticipation that not all businesses approached would consider involvement and whilst the desired number of cases was set at three it would be prudent to *hedge* on the number of participants.

5.2.4 Initial Approaches and Confirmation of Participation

Initial contact was made with each of the above by way of an introductory e-mail. This e-mail consisted of a personal introduction and brief overview of the aims and objectives of the research.

Of the five companies contacted, three (CC, SMFG and MG) expressed an initial interest in participation and replied to the e-mail requesting further information. Both CC and MG requested a telephone conversation and SMFG outlined specific queries in an e-mail. The telephone conversations with both CC and MG were met with a positive responses and a request for an informal face to face interview. These interviews were held in September 2010 in the headquarters of each organisation in London and satisfied the queries of each representative who in turn furthered the research proposal along with their recommendation to their respective boards for consideration. SMFG expressed satisfaction with the response to their e-mail queries and also furthered the request and proposal to their board for consideration.

Of the remaining two companies, a reply from the Assistant Company Secretary of Goldman Sachs in London referred the researcher directly to the Executive Director of Communications who retained responsibility the groups 'Corporate Citizenship' programme. This referral was followed up with two e-mails from the researcher which met with no response. PwC did respond to the initial e-mail query with the following reply:

'Thank you for your email and considering PwC for this research, however, we will not be able to contribute on this occasion. Good luck with the project and kind regards'.

In November 2010 the researcher received responses from each of CC, MG and SMFG. Of these responses both CC and SMFG confirmed their willingness to participate as case studies whilst MG stated that the board had decided against participation however the CSR manager made himself available in a personal capacity. As of November 2010 the three case study participants were confirmed as being Bupa, CC and SMFG.

On the 11th March 2011 an earthquake measuring 8.9 on the Richter Scale occurred off the Pacific coast of Tōhoku in Japan triggering a tsunami which resulted in 15,870 deaths, 6,114 injuries and 2,814 missing people as well as the total collapse of 129,225 buildings, a further 254,204 buildings 'half collapsed', and another 691,766 buildings partially damaged (National Police Agency of Japan, 2012). On the 14th April 2012 an e-mail was received from Koji Tanaka of SMFG which stated:

'I regret to inform you that we are forced to withdraw from this participation because of the occurrence of the Japan Earthquake. I am fully involved in the team of this Earthquake, so it is quite hard to fulfill your request on this case study. I would appreciate it very much if you would understand our situation'.

The withdrawal of SMFG necessitated a further investigation for the selection of a replacement case study participant. This investigation was conducted in the same manner as the initial investigation however with a specific focus on the Investment Services industry. A review of existing approaches taken in this industry revealed Computershare as the most appropriate participant.

5.2.4.1 Investor Services

Computershare

Computershare is the world's largest Investor Services provider and provides 'share registration, employee equity plans, proxy solicitation and other specialised financial, governance and stakeholder communication services'

- Computershare (2012)

Initial contact was made with the Director of Communications using the same method as previous introductions. This was followed by an informal telephone conversation which provided further explanation of the research aims and objectives and resulted in the verbal commitment of Computershare to act as the third case study participant.

The confirmation of Computershare as the third case study subject ensured the required number of cases. Each of the participants are knowledge intensive and operate in different industries. Each employ a comprehensive approach and long term commitment to CSR. Each has a global presence and is recognised as a market leader and each has a different ownership structure with Bupa being a private company, limited by guarantee, CC being a limited liability partnership and Computershare being a public limited company (listed on the Australian Stock Exchange) and so far each had demonstrated a willingness to provide data.

5.3 Data Collection

As outlined in chapter four, semi structured interviews were the primary method of data collection with supporting data in the form of survey questionnaires. Documentary analysis was used to inform the early stages of the research into each case as well as being continuously referred to as the research progressed.

5.3.1 The Interviews

The main method of data collection employed in this research was that of the semi structured interview due to its effectiveness in gathering relevant and valid data (Easterby-Smith *et al.*, 2002). The use of the semi-structured interview technique ensures consistency across the interviews (Bryman and Bell, 2003), whilst allowing for the flexibility of the pursuance of emergent matters of interest (Easterby-Smith *et al.*, 2002).

5.3.1.1 Interview Design

Two interview frameworks were designed with the intention of obtaining 'thick, rich data utilizing a qualitative investigational perspective' (Creswell, 2007). The frameworks covered:

- the development, design and implementation of CSR strategy
- the approach to stakeholder governance and consideration of Section 172, CA 2006

Each consisted of open ended questions grouped into relevant categories. The questions were then reviewed by two academics and one CSR practitioner before being sent to the interviewees seven days in advance of the interviews.

5.3.1.1.1 Framework One - CSR

The CSR Strategy focused framework covered the following sections:

- Demographic and Personal Information
- CSR Development
- CSR Drivers
- CSR Leadership and Governance
- Corporate Culture
- CSR Reporting and Communications
- Strategy and Future plans
- Success and Failures

5.3.1.1.2 Framework Two - Governance and Compliance

The Governance and Regulatory framework covered the following sections:

- Leadership and Governance
- Stakeholder Consideration
- Legal and Regulatory Compliance
- Risk Management
- Transparency and Accountability
- The Role of the Board in CSR Development

5.3.1.2 Selection of Interviewees

The selection of interview candidates was based on their qualification to provide credible information for the research (Creswell, 2007) and their involvement in the creation and implementation of CSR and stakeholder governance process within their respective companies. The following is a list of respondents along with their qualification for the criteria:

Company: Clifford Chance LLP

Respondent: Tom Dunn (3 x Interviews) + (2 informal telephone interviews)

Position: Director of Pro Bono Services

Note: Tom preferred to be the initial point of contact for all queries and agreed to relay any queries he could not answer to relevant persons within the partnership.

Company: Computershare

Respondent: Lucy Newcombe (1 x Interview)

Position: Global Corporate Communications Director

Company: Computershare

Respondent: Jonathan Dolbear (1 x Interview)

Position: Company Secretary

Company: Computershare

Respondent: Gary Ball (1 x Interview)

Position: Corporate Actions Director (member of the Global Sustainability Committee)

Company: Bupa

Respondent: Jonathan Govender (2 x Interviews)

Position: Corporate Affairs Executive (with responsibility for CSR)

Company: Bupa

Respondent: Tracey Crosier (1 x Interview)

Position: Company Secretarial Manager

Company: Bupa

Respondent: Julian Philip Sanders (1 x Interview)

Position: Deputy Company Secretary

Company: Bupa

Respondent: Nicolas Tetley Beazley (1 x Interview)

Position: Group Strategy Director/Company Secretary

(The interview with Nicholas was primarily based on the validation of the framework discussed in chapters eleven and twelve however the nature of semi structured interviews resulted in discussion of topics relevant to the case study chapters and so his comments and views were included where relevant).

5.3.1.3 Prior Knowledge

In each instance the interviewees were made aware of the pre-understanding of the researcher in relation to the nature of CSR in the knowledge intensive services sector due to a working history within this type of industry which included involvement in various CSR initiatives. It can be argued that this pre-understanding demonstrates a degree of empathy and can show the researcher as being 'being able to take and understand the stance, position, feelings, experiences and world view of others' (Patton, 1990, p.56). The resultant relationship building is relevant to the quality of the data obtained which is dependent on the interaction between the researcher and interviewee (Anderson, 1986). This empathy can also play a part in enhancing the rapport and credibility of the researcher due to familiarity with areas such as culture, jargon and process. Whilst the researcher found this to be the case, he was also conscious of the need to avoid any conflict of interest and appreciate the multitude of perspectives that emerged and present an unbiased account of these.

5.3.1.4 Recording the Interviews

During the preliminary interview, some of the participants expressed concern towards the option of meetings being digitally recorded and so the decision was made to record each interview by way of detailed note taking. Each set of notes was reviewed at the end of each interview and where clarification was sought as necessary.

5.3.1.5 Interview Analysis

As mentioned earlier this research employs an iterative approach to data analysis and the analysis of the interview transcripts was initially guided by the framework developed by Miles and Huberman (1994) which proposes:

- Data reduction: data mass is meaningfully reduced and reconfigured.

- Data display: 'an organized, compressed assembly of information that permits conclusion drawing'.
- Conclusion drawing and verification: data is assessed for its implication for the research question and revisited for triangulation.

- Miles and Huberman (1994)

This process is consistent with grounded theory analysis which forms the basis of analysis for the framework. Detail of this analysis is provided in chapter ten.

5.3.2 Surveys

'There is no better method of research than the sample survey process for determining, with a known level of accuracy, information about large populations'.

- Rea and Parker (1992, p.4)

The 'Survey of Operational Level Employees' was developed to provide opinion of operational level employees as to their perceptions and understanding of their organisations current CSR strategies. This method of data collection was utilised because it provides a 'quick, inexpensive, efficient and accurate means of assessing information about the population' (Zikmund, 2003, p.175).

The distribution of survey questionnaires provides a quantitative means for the gathering and analysis of data and ensures the required triangulation through 'the combination of methodologies in the study of the same phenomenon' Denzin (1978, p.291). It was the intention of this triangulation to determine whether the information and views gathered in the semi structured interviews were reflective of that of the broader employee populations.

5.3.2.1 Survey Design

The primary constituent of the survey was a five point Likert scale where respondents were required to indicate the level of which they agree or disagree with the presented statement. Likert scales are ubiquitous throughout academic and business research where they can be used

- When the value sought is a belief, opinion or affect.
- When the value sought cannot be asked or answered definitively and with precision.
- When the value sought is considered to be of such a sensitive nature that respondent would not answer except categorically in large ranges.

- Chimi and Russell (2009)

The Likert scale is the most common method of measurement in business research (Bajpai, 2011) and provides the ability to capture data that may be otherwise 'difficult to measure or addresses a sensitive topic, to which a respondent would likely not respond, or would response falsely, if asked directly' (Chimi and Russell, 2009). Zikmund (2003) attributes much of the popularity of the Likert scale to its ease of administration.

The survey was constructed using Microsoft Word with the functionality of tick boxes to choose the relevant option. The documents were secured allowing only the tick boxes to be used. The use of dedicated internet survey programmes such as 'Survey Monkey' were considered but decided against due to potential issues with corporate firewalls.

The survey contained a brief introduction which included the outlining of its objectives and an assurance of anonymity.

5.3.2.2 Operational Employee Survey Questionnaire

The survey consisted of ten sections which focused on familiarity, responsibility, drivers, focus areas, communication, feedback and the future role of CSR (a copy of this survey is attached in the appendices).

It was the intention of the researcher to receive as many responses as possible from each case and so surveys would be disseminated electronically to populations based on the demographic of respondents being employed in an operational capacity. This capacity was further explained as being comprised of employees ranging across every level of employment up to and including junior management. This population would exclude senior management, directors and those who worked directly in a CSR related area.

The survey was disseminated by the primary contact of each case with the cut off time for responses being placed at two weeks from the time of being sent. It was agreed that e-mails be sent by way of specific e-mail groups and directly to individuals to ensure there was no selection bias other than the demographic as set out by the researcher. Respondents were asked to print the survey and return the completed version by way of internal post without including their name as the sender so as to preserve their anonymity.

It was decided that operational employees be the only demographic at which the surveys were aimed as the survey sought general opinion through asking questions of a general nature. If further demographics concerning age, sex, length of service were factored in it was anticipated

that the target population would be dramatically reduced, as would the response rate. The relevance of such demographics was deemed minimal due to the surveys being used to provide a general method of triangulation for the assertions made by the interviewees and those found in corporate literature.

5.3.2.3 Survey Data Analysis

Analysis of each of the surveys sought to identify the central tendencies in respect of each of the areas of questioning. A measure of central tendency is 'a single value that attempts to describe a set of data by identifying the central position within that set of data' (AERD Statistics, 2012). The measurement of the central tendency can be taken by way of mean, median and mode. This research measures the central tendency using the mode which 'is determined by listing each possible value and noting the number of times each value occurs' (Zikmund, 2003, p.404) and provides an indication of the level of agreement with each statement.

The results of the surveys are discussed in their relevant sections in the forthcoming chapters and analysis displayed by way of bar charts.

5.4 Theorising through Literature and Data

The conceptual argument derived from the literature review places the development of CSR as a concept in its infancy. As such the literature that informed the early stages of the research has been subject to change as the research progressed. Grounded theory requires the constant comparison of emergent theory with the data it is derived from. It was therefore thought best to also employ a constant review of both the academic literature that informs corporate governance theory and the corporate literature that informed the (corporate) documentary analysis.

The major development that arose from academia during this research was the emergence of the theory of *Creating Shared Value* in January 2011 which was taken into account during the interview and survey drafting process. Corporate literature for all of the three case studies developed significantly and so constant review was necessary for the researcher to be informed of the latest developments upon which further questions could be based.

This constant comparison of literature and data with theory allows for an increased robustness in the research and is consistent with the chosen philosophical approach that is based on reality being a social construct and so subject to constant change,

5.5 Conclusion

This chapter has been designed to act as a prelude to the next (three) case study chapters. It expands on the methodology discussed and justified in chapter four by discussing in practical terms the case study selection process and the data collection and analysis processes. The philosophical assumption of this research centres on social constructivism which guided the decision to use case studies as the central research strategy. This chapter has discussed how and why the case studies were chosen and how and why the collection and analysis was delineated as per the different stages of the research.

The next three chapters present a detailed discussion of the cause, context, approach and impact of CSR in each of the case studies. The objective of the development of these chapters is to provide the reader with an in-depth presentation of the phenomenon and demonstrate the relevance of the approaches taken to CSR by each of these case studies to the construction of the framework.

The data for each case is presented in a 'chronicle-like fashion' (Chenail, 1995) and every care was taken to ensure it is 'subjective, interpretative, descriptive, holistic and copious' (Hancock, 2002, p.22). It is the researchers opinion that the following chapters present a compelling argument that CSR has become an important feature of the corporate landscape within the knowledge intensive services sector and whilst it may not be driven by traditional influences, it's development and implementation is increasingly viewed as necessary to the long term sustainability of businesses who operate in this sector.

Chapter Six – Case Study A (Bupa)

'Bupa is shaping its sustainability agenda to concentrate on where we can create the greatest public value, with a strong focus on keeping people well, empowering them with their health and supporting a healthy planet'.

- Lord Leitch, Bupa Chairman (2010)

6.1 Company Overview

Bupa, originally known as the British United Provident Association, is a leading international healthcare group where the provision of personal and corporate health insurance accounts for approximately 85% of their business. The remainder of their catalogue of services comprises of a combination of health assessment and chronic disease management services, travel insurance care homes and private hospitals. The company employs almost 52,000 people and has operations around the world, principally in the UK, Australia, Spain, New Zealand and the USA, as well as Hong Kong, Thailand, Saudi Arabia, India, China and across Latin America. The company has a worldwide customer base of 11 million people and is the largest private health insurance provider in the UK providing insurance to 80% of FTSE 100 companies.

Bupa states that the company 'exists for the benefit of its customers, both present and future' (Bupa, 2012a).

6.2 Company History

Prior to the beginning of the NHS in Britain in 1947 the health system was part-voluntary and part-state funded and supported by a mixture of charities, taxes, patients' fees, donations and insurance. One of the central components of this structure was the existence of Provident clubs which were founded in the 1920's. The British Provident Association was the first of these and was set up by eminent doctors and those who ran hospitals to aid the provision of treatment for industrial workers and those of modest incomes. Similar clubs were set up in Oxford, Birmingham, Liverpool, Manchester, Coventry, Buckinghamshire, Bath and Bristol. In 1922 the King Edward's Hospital in London, founded the Hospital Savings Association which alone recruited over 500,000 members.

Through these contributory provident schemes Britain's hospitals treated thousands of people up until the beginning of the Second World War. The war resulted in an increasing demand for a 'free at the point of use' national health system which would be financed through general taxation. In 1942 the Report of the Inter-Departmental Committee on Social Insurance and Allied Services,

more commonly known as the 'Beveridge Report' gave expression to these demands and ultimately resulted in The National Health Service Act 1946 which came into effect on 5 July 1948. However, the voluntary health system was preserved which gave people choice when it came to their healthcare by allowing them to make arrangements for private treatment.

It was this choice that was to lead to the success of Bupa which was formed in 1947 when 17 provident associations led by the Oxford District Provident Scheme, the Oxford University Provident Scheme, and others in Edinburgh and Birmingham came together and formed a company limited by guarantee which was to be known as The British United Provident Association Limited or Bupa as it is now more commonly known. 38,000 people signed up for Bupa's coverage the first year providing a subscription income of £74,000 and by 1950 Bupa was insuring over one million people. Today Bupa operates in more than 190 countries with over 11 million customers and boasts over six decades of healthcare expertise with group revenues of £7.58bn (Bupa Annual Report, 2010).

6.3 Governance

The company is limited by guarantee and has no shareholders and so profits are reinvested into the business. It is not as the original name suggests a provident or a mutual or a charity. The term 'provident' is linked to the company because it relates to the amalgamation of 17 provident associations or 'clubs' when Bupa was founded in 1947 (Bupa, 2012b).

Although Bupa is not a listed company it is 'managed in line with the corporate governance safeguards and commercial principles that would be expected to be found in a listed company' (Bupa 2012c). The safeguards referred to are those outlined in the UK Corporate Governance Code published by the Financial Reporting Council in June 2010. The management of the company believe adherence to these guidelines is appropriate due to the size of the business and their belief that it would be amongst the FTSE 100 should it ever consider listing.

The board comprises of two Executive Directors (the Chief Executive Officer and the Finance Director), the independent Non-Executive Chairman and seven further independent Non-Executive Directors. The Non-Executive Directors currently outnumber the Executive Directors at a ratio of four to one. It is the board's responsibility to set the strategy for the company and oversee the company's operations and to ensure the highest standards of corporate governance are followed whilst also representing 'well the values that Bupa stand for' (Bupa, 2012d).

As well as the main board, Bupa has a number of sub committees to ensure compliance with corporate governance principles. These include Audit, Risk and Compliance, Nomination and

Governance, Remuneration and an Executive Sustainability Committee which reports to the board on a regular basis (Bupa, 2012e).

6.3.1 Association Members

As Bupa has no shareholders due to the nature of its incorporation it relies on a body of approximately 100 'Association Members' to provide the oversight normally provided by shareholders. These Association Members are drawn mainly from business, public life, the medical professions, the charitable sector and academia and each serve an initial term of ten years. Association Members do not receive a fee for their service nor do they have any claim on the assets of the company and so can be considered to be genuinely independent.

Association Members are provided with regular platforms to challenge the board and senior management team and are kept informed through attending regular briefing sessions and the Annual General Meeting. The Association Members elect and re-elect Bupa's directors and auditors as well as approving matters as required under Bupa's Articles of Association and changes to those Articles of Association (Bupa, 2012f).

6.4 Profiles of the Interview Participants

The interview participants from Bupa come from a variety of positions which range from senior to mid level management and comprise of the Group Strategy Director and Company Secretary, the Deputy Company Secretary, the Company Secretarial Manager and the Sustainability Manager.

Julian Philip Sanders (JPS) is the Deputy Company Secretary for Bupa and has been with the company since 1989. Julian is an Associate of the Institute of Chartered Secretaries and Administrators and holds a Bachelors Degree in Economics. During his time at Bupa Julian has been involved in a number of CSR related initiatives including acting as Secretary for the Bupa Foundation for over twenty years. Julian participated in one interview at a length of 45 minutes.

Tracey Crosier (TC) is the Company Secretarial Manager at Bupa. Tracey is an Associate of the Chartered Institute of Secretaries and Administrators and holds a Masters Degree in Corporate Administration. Tracey has responsibility for regulatory compliance of all Bupa companies and acts in an advisory capacity to the board in respect of corporate governance requirements and expectations. Tracey participated in one interview at a length of 60 minutes.

Jonathan Govender (JG) is a Sustainability Manager at Bupa. Jonathan holds a Bachelors Degree in Politics and Economics and has responsibility for the development and implementation of

Bupa's sustainability goals. Jonathan is a key member of Bupa's recently formed Sustainability team and has worked at Bupa since 2010. Jonathan participated in two interviews totalling 120 minutes, as well as frequent e-mail communications.

Nicholas Tetley Beazley (NTB) is Bupa's Group Strategy Director and Company Secretary. Nicholas joined Bupa in 1993. In June 2000 he was appointed Group Strategy Director of Bupa and in June 2005 also became Bupa's Company Secretary. He was formerly a management consultant at Coopers and Lybrand and, prior to this, trained as a solicitor at Freshfields. Nicholas read law at Cambridge University and is a member of the Law Society and a Fellow of the Royal Society for Arts. Nicholas participated in one Interview at a length of 60 minutes.

6.5 Commitment to CSR

'Bupa is committed to keeping people well and supporting a healthy planet. We call this commitment Well World'.

- Bupa (2013)

Bupa's commitment to CSR has only recently become clearly defined and is now identifiable by their Well World initiative. This initiative outlines the company's commitment 'to keeping people well and supporting a healthy planet' and forms the basis of Bupa's CSR strategy. Well World has two ambitious goals, both to be achieved by 2015:

- 1) To enable 60 million people to make positive changes to be healthier and happier and to help protect the environment.
- 2) To reduce their carbon footprint by 20% by 2015.

- Bupa (2012g)

Bupa's commitment to CSR is such that its 'social purpose' is enshrined in the company's constitution where the objects of the company are stated in the Articles of Association as being:

- A) to prevent, relieve and cure sickness and ill-health of every kind (including physical injuries), to promote health in any way and to engage in activities within or related to the fields of health, care, health and health-related insurance and related financial protection, medicine, nursing or dentistry and in particular (but without derogating from the generality of the foregoing) to raise, establish maintain and administer a fund (the "Provident Fund") for wholly or partially defraying the cost of medical, surgical and other like remedial, exploratory or preventive treatment of and services to contributors to the Association and their dependants and others and the expenses ancillary or incidental to any such treatment or services; and

(B) to establish a scheme or schemes to pay cash benefits, benefits in kind and other gratuities or allowances, to any person or to the dependants of any person, who has contributed or subscribed to any such scheme and who is or has been disabled, sick, or suffering from ill-health of any kind (including physical injury).

The role of the objects as drivers of CSR quickly became apparent in the interviews when NTB, JPS and TC each referred to them as being central to Bupa's 'social purpose' and the formation of Well World. This social purpose has seen Bupa forge a history of philanthropy, community engagement and funding for independent charitable foundations. Well World builds on this history and is viewed by all of the interviewees as essential to addressing the objects of the company. JPS described Well World as 'the next logical step from previous CSR initiatives in Bupa' further stating that 'CSR is not new to Bupa, it might have come under different names but its themes have always been part of Bupa's culture and that is something that will always continue, whether it be through the Well World initiative or whatever may come after it'.

Well World represents a firm commitment to CSR and its importance was apparent when NTB described it as being Bupa's 'strategy for the future'. This strategy is viewed by JG as one that is taking 'bold steps' towards sustainability, the impact of which will be the long term benefit for employees, customers, local communities, the environment and the business as a whole.

Whilst there was a general agreement amongst the interviewees that the stated goals of Well World were ambitious, there was also an underlying belief that they were achievable.

The current commitment began in 2008 when the board was presented with a request for investment in CSR by the Corporate Affairs Department. After a brief period of consideration the request was granted with the then Managing Director stating that 'in these difficult times we cannot really afford to invest in CSR, however it is now obvious that we cannot afford not to invest in it'. Bupa's Well World initiative represents an initial three year commitment but with the intention of permanent pursuance.

6.6 Towards Stakeholder Governance

Although Bupa's history is littered with altruistic endeavours such as the Bupa Foundation, the sponsorship of sporting events and 'Community Challenges' the focus on stakeholder management has been none more so than it is now. Before the introduction of Well World, CSR tended to be on the periphery of Bupa's operations whereas now according to NTB it will be 'inherent throughout all aspects of the business'. NTB further explained that it is the intention of

Well World to place ownership of CSR into the hands of all Bupa employees as opposed to being viewed as a separate function.

Bupa's renewed commitment to CSR through Well World serves as an acknowledgement of the value of stakeholder consideration. Where the objects of the company require stakeholder consideration, the company has previously been guided by the principles of the British tradition of shareholder value (despite not having shareholders). Well World codifies Bupa's renewed stakeholder focus and both TC and NTB confirmed that stakeholder consideration has been increasingly prevalent in board decision making in recent years.

Each of the interviewees agreed that Well World is only possible because of the company's commercial success. Bupa is in a unique position amongst its competitors in that it is 'not for profit' status enables a long term view without the immediate pressure for shareholder return. That said, Bupa's ongoing financial success remains a key driver for its board as it enables the fulfillment of the company's objects to a greater number of people. To that end 'enlightened shareholder value' might be appropriate description of Bupa's governance approach. Both NTB and TC accepted that this approach best reflected Bupa's efforts, albeit without the need for 'shareholder' in the title. Regardless of what label is applied to their governance approach, it is evident from Bupa's decision to invest in Well World and the responses from the interviewees that Bupa is placing greater emphasis on stakeholder consideration and its role in the long term success of the business.

6.7 CSR Terminology

The development and implementation of Well World demonstrates a significant investment in CSR, however a review of Bupa's current corporate literature reveals no reference to the term CSR itself. CSR terminology is an area that Bupa has struggled with over the last four years. During this time Bupa have used as many labels to describe their approach in accordance with the latest trends in the subject area.

Until 2008 Bupa had used the traditional moniker of CSR to describe its philanthropic and community focused endeavours. Upon the initial review of the Bupa's CSR approach the decision was taken to drop the word social from the title as management at the time believed the company's responsibility extended beyond that of just the social and so 'Corporate Responsibility' became the preferred label. A reshuffle of the department in 2010 saw a change of management and with this, another change in label, again in line with CSR trends and CR became known as 'Sustainability'. Sustainability lasted until the introduction of Well World in July 2012, when Well World was introduced to describe Bupa's bespoke approach to CSR. JG and NTB confirmed that Well World

would remain as Bupa's permanent CSR label. When questioned as to why a bespoke label was necessary, JG explained that Bupa wanted to be known for Well World and not necessarily CSR per se. NTB further explained that a bespoke label would help to avoid any further confusion in the area of labels and so avoid a repeat of the label changing seen over the last four years.

Each of the interviewees admitted that the changing labels had created confusion throughout the business and NTB further remarked that this confusion had to an extent slowed the development and implementation of what had eventually become Well World, he then expressed an anticipation that the proposed permanence of Well World will quickly abate any remaining confusion.

6.8 Creating a CSR Culture

The introduction of Well World supposedly evoked little in the way of a need for cultural change in Bupa. The company advertises itself as being: caring, respectful, ethical, enabling, dedicated and accountable (Bupa, 2012n) each of which correlate directly with the intentions of Well World. According to JG, Bupa's culture was already such that Well World is viewed as a natural progression on previous CSR initiatives and has so far met with little cultural resistance. JPS suggested that the challenge was not so much overcoming resistance but rather one of effectively communicating the 'relevance' of Well World as a business strategy.

JG agreed that awareness of Well World and what it means to Bupa was vital to its success, and stated that so far his audiences have been 'receptive', which he again puts down to the existing CSR friendly culture of the company. When asked about the appetite for CSR in the early stages, participants NTB, JPS and TC agreed that it was welcomed across all levels of the business. The board had viewed the success of other companies CSR programmes, most notably Marks and Spencer's Plan A campaign and reflected on how Bupa could build a similar campaign whereby they could use their expertise in the healthcare industry for the benefit of their stakeholders.

The appetite for CSR has been evident at board level since the introduction the Executive Sustainability Committee in 2007, the incoming Chief Executive Officer who was appointed in 2008 championed the development of Bupa's CSR from the start of his stewardship during which there has been significant investment and support for what has now become Well World. This support has continued with the appointment of his successor in 2012. JG acknowledged the importance of the continuing board support to his team's CSR efforts and its continuing visibility on the board's agenda. NTB noted that in the early stages of the developing the CSR strategy 'it was unclear as to the quantum of investment involved' and noted that the 'lack of measurable impact' was something that raised some measure of concern amongst some of the directors. However, there

was overwhelming agreement that CSR was necessary to the continued success of Bupa and therefore the board resolved to support it.

Across management and operational levels, JPS suggested that there was an existing appetite for CSR which was again largely due to the nature of the business and its charitable and philanthropic history. Regular communications about Bupa's involvement with the community and the activities of the Bupa Foundation ensured that staff are aware of ongoing activities, so when the time came to gather these activities under the CSR label, there was only a minimal shift in culture and little difficulty in selling what has now become Well World.

6.8.1 Findings of the Survey of Operational Employees in Relation to their Familiarity with CSR

The findings of section one of the Survey of Operational Employees support the view of the interviewees that employees are familiar with Well World initiatives. This section of the survey asked respondents to confirm their level of familiarity with their company's CSR initiatives. Computation of the modal value of responses confirms that the majority (56%) of respondents identify themselves as being moderately familiar with Well World. Further analysis of responses confirms that 33% of respondents identify themselves as being somewhat familiar with Well World and 11% as being extremely familiar.

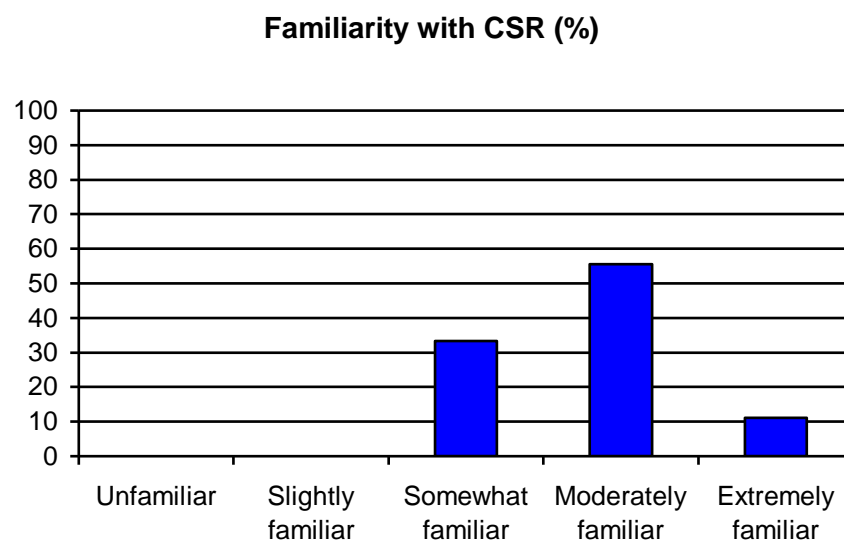


Figure 6.1 Operational Employees in Relation to their Familiarity with CSR

None of the respondents claimed to be unfamiliar with Well World thus demonstrating the relative success (so far) in the introduction of Well World across the business.

6.9 Creating Value through CSR

Although Bupa's commitment to a social purpose is central to their existence, it is commercial success that enables the company to achieve their social goals. Each of the interviewees recognised the value of CSR to the business and agreed that it can play an important role in the overall success of the company. When posed with question of 'how does CSR add value to your company?' The initial responses were almost uniform in that they saw Bupa's reputation being the main benefactor.

JS asserted that CSR played a role in motivating employees and helped to instill pride in their workplace and stated that 'every Bupa employee is given the opportunity to participate in CSR activities'. In terms of financial value, NTB explained that Bupa did not expect to see much in the way of financial value being added by CSR in the short term rather they anticipated this to come in the long term.

Bupa employs what Nolan, Norton and Co (2009) refer to as 'strategic CSR' whereby their CSR strategy is based on the creation of value for both society and the organisation simultaneously. At Bupa CSR is driven from the inside out with a dual purpose of positively impacting on society whilst building a unique competitive position. By extending their expertise in healthcare beyond their customer base Bupa is adopting a proactive approach to CSR intended to enhance value creation for all their stakeholders.

6.10 CSR Leadership and Management

Overall supervision of CSR in Bupa falls to its Executive Sustainability Committee which was established in 2007. It consists of directors from different areas of Bupa's business who bring a broad range of experience to the table. (NTB has been a member of this committee since its creation). The committee meets on a quarterly basis to discuss strategy and receive progress reports from those involved in the management of CSR. The Executive Sustainability Committee reports to the main board on an annual basis.

Daily management of Well World initiatives is undertaken by the Well World team who form part of Bupa's Corporate Affairs division. This team works directly with fifteen global CSR champions who occupy senior positions throughout the group. JG explained that each member of the team were given different areas of responsibility for Well World including the management of related stakeholders, both internal and external. He further explained that the team had progressively expanded over the last two years to the point where there was now a relatively high level of expertise employed. The efforts of the team are widely recognised as being substantial leading

NTB to describe them as being both ‘very busy’ and ‘energetic’ and doing a lot to ensure the successful implementation of Well World’s strategies.

The creation of both the Executive Sustainability Committee and the Sustainability Team demonstrates the acknowledgment by Bupa of the importance of CSR to their long term success. It was the general consensus of the interviewees that by having a dedicated Executive Committee and Sustainability Team, Bupa’s social purpose was being appropriately catered for. However NTB remarked that it was hoped that employees from across the business would become increasingly involved in the future direction of Well World as he was of the opinion that CSR is not just a management responsibility, it is the responsibility of everyone employed by the business.

6.10.1 Findings of the Survey of Operational Employees in Relation to CSR Leadership

The findings of section two of the Survey of Operational Employees supports NTB’s view that the responsibility for CSR was wide ranging. Computation of the modal value of responses confirms that the majority (67%) of respondents believing that CSR was the responsibility of ‘everybody’ in the company. Further analysis of responses confirms that 22% of respondents believe CSR to be the responsibility of Senior Management and 11% believing it to be the responsibility of the board.

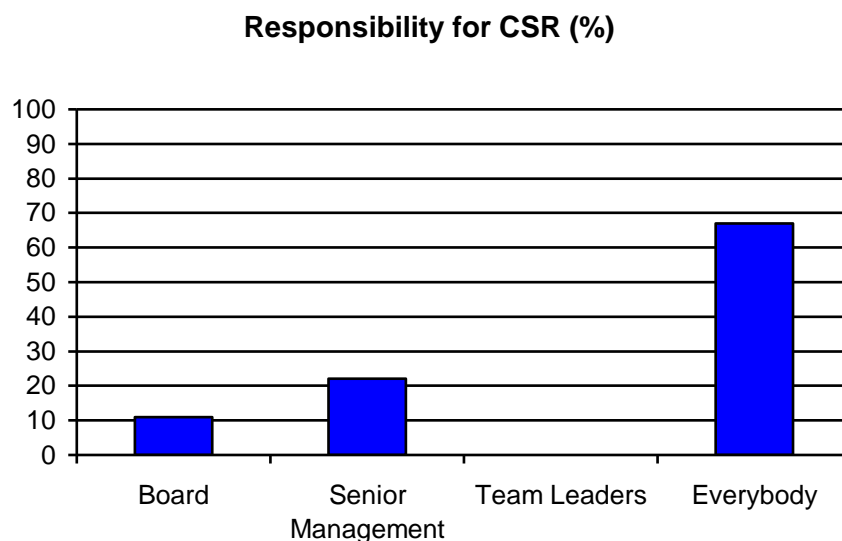


Figure 6.2 Operational Employees in Relation to CSR Leadership

6.11 The Influence of Section 172 CA 2006

As Bupa is a UK Company its directors are bound by the duties codified in Section 171 - 177 of the Companies Act 2006. As previously explained, Section 172 makes companies accountable to stakeholders, such as employees, customers and the local public who form part of their intellectual and physical environments (Cohen, 2010). NTB, JPS and TC are all significantly involved in the

corporate governance of Bupa and ensuring directors are acting within their duties, however there was a general admission that the relationship between CSR and Section 172 and the potential it presented for legal risk had not yet been fully considered.

TC stated that all directors were fully aware of their duties with S.172 having received specific focus. This statement was backed up by the presentation of the company's 'Guidelines for Preparation of Bupa Board Papers' (a copy of which is included in the appendices). Section two of these guidelines refers to S.172 and specifically outlines the factors to be considered 'to promote the success of the company'. The guidance states that it is essential that in preparation of any paper for the board, consideration is given as to whether reference should be made to each of the factors in the board paper. The guidance further explains that 'it is not envisaged that all factors will need to be considered for every paper reviewed by the board. However reference should be made to each of these factors where they have a significant bearing on the subject matter, to allow the board to come to an informed decision, having taken all pertinent factors into account'.

Whilst it is evident from NTB, JPS and TC's responses that S.172 is given appropriate consideration as a directors duty, this has not yet been the case for S.172 and CSR. It has since been confirmed that this will now be the subject of investigation as a result of the interviews undertaken in this research.

6.12 Motivation for CSR

Bupa's CSR strategies are primarily internally driven and they receive little in the way of stakeholder pressure to engage in CSR activity. Therefore it was senior management's decision spurred by the growing trend to engage in CSR across industry to invest in a CSR strategy. NTB believes that Bupa had 'always been a good corporate citizen' but the expansion on a global scale necessitated a clearly defined CSR strategy. The primary motivation according to interviewees was to fulfill their social purpose, however from a corporate point of view it was acknowledged that enhancing Bupa's reputation also played a significant role in the CSR investment. Financial gain through CSR is viewed as a long way off and NTB made the point that it would be 'difficult to show this on the balance sheet'.

When posed with a question as to whether Bupa agreed with the assertion that motivation for CSR could include factors such as attracting and retaining staff, increased public relations opportunities and the possibility of cost savings through green initiatives, the participants agreed that they expected this to be the case however, these factors were supplementary to being a good corporate citizen. However, it can be argued that the Bupa's primary motivation for engaging in CSR stems from the objects of the company.

6.12.1 Findings of the Survey of Operational Employees in Relation to the Motivation for CSR

The findings of section three of the Survey of Operational Employees support the view of the interviewees that corporate reputation is the primary motivator for Bupa's engagement in CSR. Computation of the modal value of responses shows corporate reputation and community as equally motivating CSR, with 67% of respondents agreeing that these factors motivate CSR. The differentiation between the two arose from analysis of next level of agreement 'strongly agree' which revealed 22% of responses on this level for corporate reputation as against 11% for community relations.

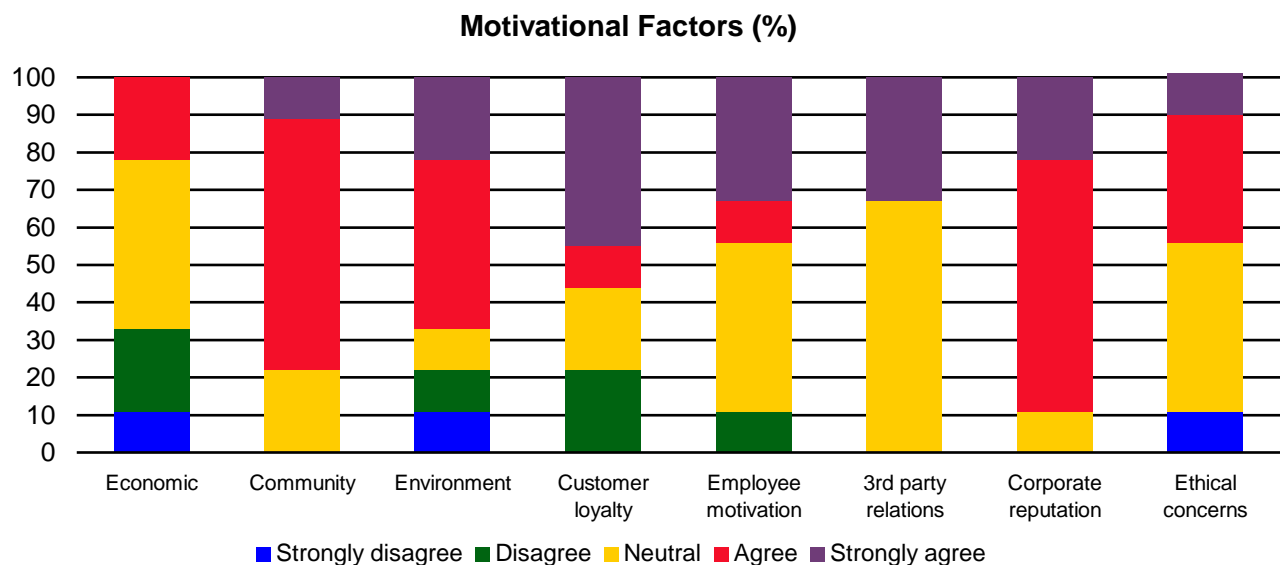


Figure 6.3 Operational Employees in Relation to the Motivation for CSR

6.13 Defining the Role of the Stakeholder in the Initial Stages

The involvement of external stakeholders thus far in the development of Bupa's CSR strategy has been limited. At present CSR is driven from the top down and not as a result of pressure from employees, customers, NGOs or environmental groups. Whilst there are regular channels of communication with their main stakeholders Bupa has only used these to a limited degree in gauging opinion on devising their CSR strategy. JPS explained that CSR consultants were employed at the initial stages of development but their services were dispensed with due to the belief that the Bupa's global structure ensured it retained sufficient expertise within the group to successfully devise and implement a CSR programme that benefited both the business and its stakeholders. That Bupa feels it can determine how it approaches CSR without significant stakeholder dialogue at the early stages is characteristic of companies that fall into the minimally invasive category.

Whereas stakeholder consultation has thus far been limited, JG conceded that this is unlikely to continue as the future success of Well World programmes will necessitate feedback and so stakeholder consultation will increase in line with the evolution of Well World.

6.14 Developing CSR Aims and Objectives

The identification of Bupa's aims and objectives has taken longer than necessary according to TC. The process has suffered from a lack of direction over the last four years which has hindered its implementation and wasted valuable time. The original focus was on 'three pillars of CSR', being that of healthcare, community and the environment in that order and the original three year plan developed in 2009 was centered around these. However, this plan was revised in 2011 to amalgamate the pillars of community with that of healthcare which according to JG essentially meant 'healthcare in the community'.

Bupa now centers its CSR strategy on utilising its healthcare expertise for the benefit of its customers and wider communities and to a lesser extent reducing its environmental impact.

From a healthcare perspective Bupa argues that 'rapidly aging populations and the dramatic rise in chronic diseases are placing huge pressures on our healthcare systems and models' and so have set out to, through Well World, provide direction on healthier lifestyles, primarily through the provision of digital health information through specially tailored websites and 'apps' (Bupa, 2012h).

From an environmental perspective Bupa is seeking to 'develop a wider understanding of environmental issues amongst our suppliers, employees, customers and local committees' (Bupa, 2012i). The company will use this knowledge along with internal initiatives to reduce their environmental impact by pursuing opportunities to 'minimise the environmental impact of our operations, concentrating particularly on the use of energy, waste disposal, water discharges and land management' (ibid).

Bupa's aims and objectives were developed by an in-house team without the use of external consultants. The use of consultants was considered at the early stages of development and several firms were invited to pitch for the business. NTB claimed that none of these pitches seemed to identify with the expectations of the board and believed it was down to a lack of understanding of Bupa's unique business model. It was therefore decided to progress using in-house expertise consisting of members who were familiar with Bupa's culture.

Each of the participants agreed that achieving their stated goal represents a significant challenge for the group but there was every confidence that they would do so. This view was supported by

NTB who noted that questions were raised at board level as to whether these goals could be achieved but the general consensus is that Bupa has the necessary investment, ambition and ability to successfully attain these goals by 2015 and go even further after that.

According to Bupa CSR and sustainability refers to when a company 'acts in an ethical and responsible manner, encouraging a positive impact through its activities on the environment, consumers, employees, stakeholders and the surrounding communities in which it operates' (Bupa, 2012j). Designing an approach that best utilised Bupa's resources to this effect was a significant challenge for the sustainability team. JG pointed out that Bupa understood that a successful CSR strategy would focus on the company's ability to positively impact society and that this strategy would successfully align business and social goals. NTB believes that for this to be successful there had to be clear links between the two.

Bupa have identified five international challenges that they feel relate to their CSR goals.

- 1) Chronic Disease: The global economic impact of chronic disease is estimated to reach \$47 trillion over the next 20 years.
- 2) Prevention: There are more than 36 million deaths every year from behavior-related, preventable, long-term health problems such as diabetes and heart disease.
- 3) Ageing Population: Globally, the number of older people has tripled in the last 50 years, and it will triple again over the next 50. It's predicted that more than 115 million people across the world will suffer from dementia by 2050.
- 4) Climate Change and Pollution: Local and international environmental changes are influencing air pollution, extreme heat waves, water stress, sanitation challenges and food scarcity. Major killers such as respiratory conditions, diarrhoeal diseases, malaria and dengue are highly environment sensitive.
- 5) By 2030, five billion people, more than half of the world's population, will be living in towns and cities, with the urban environment changing how people move, work and eat.

- Bupa (2012k)

These challenges inspired the approach taken by Well World and directly influence of the identification of stakeholder groups.

6.15 Identification of CSR Focus Areas

As is mentioned in the previous section the development of the Well World initiative has seen several changes in focus. The main difficulty in this process was designing an approach that was both relevant to their business and appropriate to their stakeholders needs. The identification of

focus areas was the main area of contention with the eventual outcome being the areas of healthcare in the community (*Keeping People Well*) and environmental impact (*Healthy Planet*). When quizzed about other stakeholder areas such as the workplace, the marketplace and even corporate governance JG claimed that although the CSR strategy transcends each of these areas, they had historically, and would continue to be covered by departments such as Human Resources, Purchasing and Legal and Secretarial.

Bupa's choice of the Community and the Environment as the focus of their CSR strategy is explained in the introduction to the Well World section of Bupa's website which states:

'the world faces a series of interconnected challenges on health, environment and beyond. Ageing populations and increases in chronic disease are creating enormous financial and delivery challenges for our healthcare systems. Demand for water, agricultural development and the increase in waste and pollution are all creating challenges for our environment. Companies that can identify solutions to these challenges will gain strategic advantage'.

- Bupa (2013b)

This statement highlights the interconnection as Bupa see it between the health of the community and the health of the environment and therefore justifies their choice of the Community and the Environment (in that order) as the focus of the Well World strategy.

6.15.1 Community

Bupa claim that modern lifestyles and aging populations are presenting healthcare challenges in both developing and developed economies across the world and the main challenges come in the form of chronic disease and aged care.

In 2008 chronic diseases accounted for 63% of all deaths around the world. The World Health Organization estimates that 80% of chronic diseases can be prevented by addressing the main causes, such as unhealthy eating habits, low levels of physical activity and smoking. Out of the 36 million people who died from chronic disease in 2008, nine million were under 60 and 90% of these premature deaths occurred in low and middle income countries (World Health Organisation, 2011).

Advances in the management of chronic disease through improving healthcare and living standards have lead to an increase in lifespan for many people. However, this has resulted in a rise in new patterns of disease among the most common of which is dementia of which there are currently approximately 18 million sufferers world-wide and this number is expected to almost double by 2025 to 34 million (Bupa, 2011c). This change will impact individual healthcare needs

and associated healthcare costs and according to Bupa these aging populations present health systems and governments with the challenge of how to provide high quality care to an increasing number of people. In the coming decades, the demographic composition of almost all populations in the developed world will change substantially with dramatic increases in the numbers of elderly people.

6.15.1.1 Findings of the Survey of Operational Employees in Relation to Community Engagement

The findings of section five of the Survey of Operational Employees show a high degree of recognition amongst employees of the importance of Bupa's commitment to the wider community and satisfaction with the company's current commitment in this respect. Computation of the modal value in both instances confirms a majority of 56% as being in agreement with the importance of CSR in the community and that their company's current commitment was sufficient. The third part of this section of the survey considered the current level of communication for community initiatives which again showed the modal value to be in agreement with a majority of 45% of responses demonstrating satisfaction with the current level of communication is sufficient.

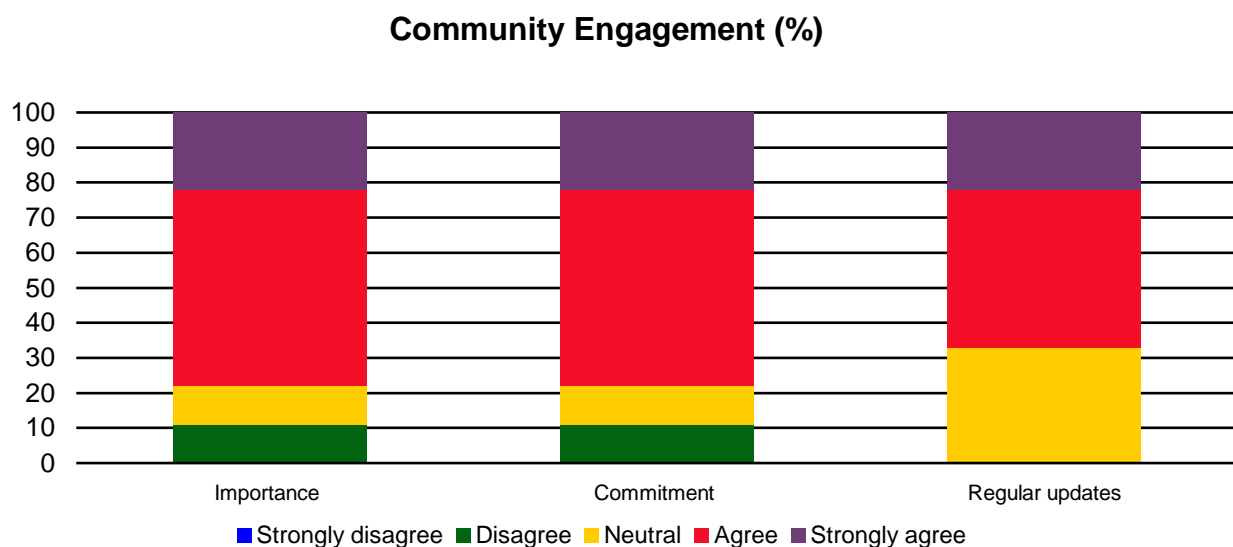


Figure 6.4 Operational Employees in Relation to Community Engagement

The findings of the communications section of the operational employee survey reveal a broad level of support for the claims made by the interviewees in the relation to Bupa's community engagement activities. The importance of communities as a stakeholder is acknowledged both on an operational level and across the tiers of management. This importance is realised by the company's commitment to communities and the wide ranging schedule of programmes that exists within the group. The community based goals of Well World further strengthen this commitment. The awareness of this commitment amongst employees demonstrates an effective

communications policy which is evident from the survey responses and again supports the interviewee's claims.

6.15.2 Environment

Bupa see environmental problems as a significant contributor to chronic disease and acknowledge that their own business activities result in an environmental impact. JG stated that their healthy planet goal was a 'recognition of the company's responsibility' to minimise its own impact and catalyst for the promotion of environmental best practice throughout all areas of the group.

According to NTB and JG, Bupa's global presence was a significant influence in their choice of approach to CSR and so necessitated an 'aspirational' strategy that would address global problems. Bupa are currently in the process of making 'substantial infrastructure investments' to reduce their energy consumption and improve energy efficiency as they work toward this goal. These include a plan to reduce carbon emissions from their offices and care homes through the rolling out of best practice, employee engagement programmes and trialling innovative technologies and approaches that support these goals.

6.15.2.1 Findings of the Survey of Operational Employees in Relation to Environmental Consideration

The findings of section four of the Survey of Operational Employees reveals a majority of 67% of employees to be in strong agreement as to the importance of environmental considerations in Bupa's CSR efforts. However only 22% of respondents were in 'strong agreement' that Bupa's current environmental programmes are sufficient. That said, the modal value (45%) for this category placed in 'agreement' that this was the case. The third part of this section of the survey considered the current level of communication for environmental initiatives which demonstrated satisfaction with the current level of communication in this respect with the modal value showing 45% of respondents to be in agreement that this was the case.

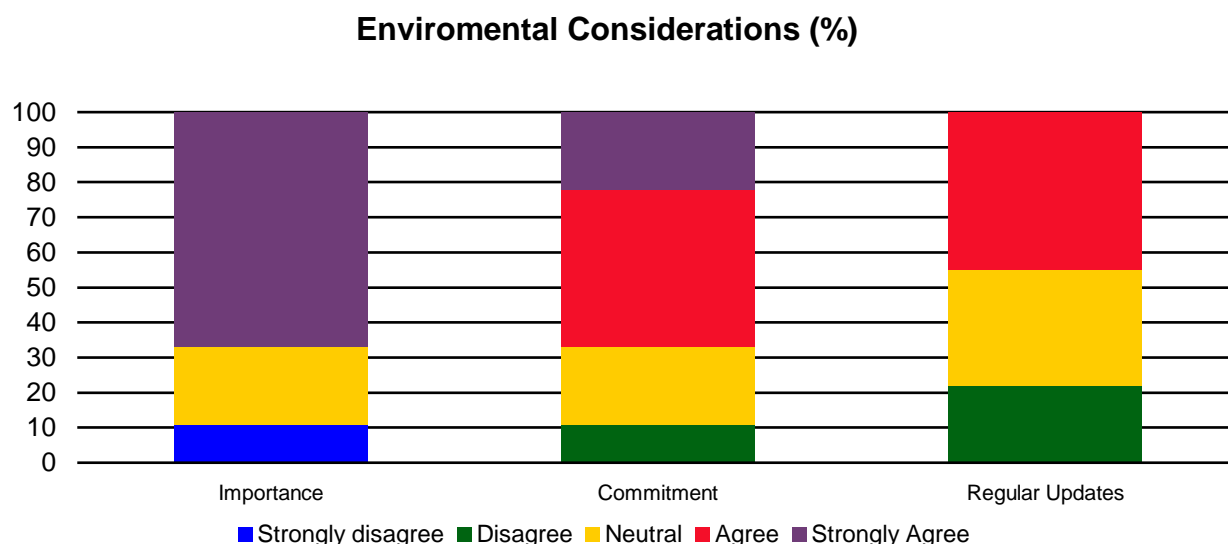


Figure 6.5 Operational Employees in Relation to Environmental Consideration

The findings of the environmental section reveal a general level of satisfaction with Bupa’s environmental approach albeit with existing pockets of dissatisfaction in each of the areas surveyed. It is apparent from the interviews that the area of environment is very much a work in progress and so it is feasible that the dissatisfaction expressed will dissipate as the environmental programmes progress. Nevertheless, the environment remains an important part of Well World and it will be interesting to see further disclosures on the progress in this area.

6.15.3 Workplace

Although Bupa does not explicitly identify the workplace as a key focus area of Well World, it does refer to employee engagement in both the areas of community and environment. NTB claimed that Well World would play a role in employee motivation and was confident that Well World would instill further pride in the workforce. JG commented that there was significant appetite across the group for employees to become involved in Well World activities and a general appreciation of the Well World teams efforts. When questioned about the notable lack of specific focus on employees and the workplace in Well World literature JG attributed this to the traditional connection of these areas to the Human Resources department and referred to his earlier assertion that this would be how it remains.

6.15.3.1 Findings of the Survey of Operational Employees in Relation to CSR in the Workplace

The findings of section six of the Survey of Operational Employees show strong agreement (56%) with the assertion that Bupa should provide a positive and engaging working environment.

However this level of strong agreement falls significantly to 11% on the assertion that Bupa is committed to providing a positive and engaging working environment, the modal value in this instance showing 45% of respondents choosing to remain neutral on this assertion. Analysis of responses in relation to workplace focused communications shows that further work is required in this area with 45% of respondents choosing to remain neutral on the assertion that Bupa ‘provides regular updates on workplace developments’.

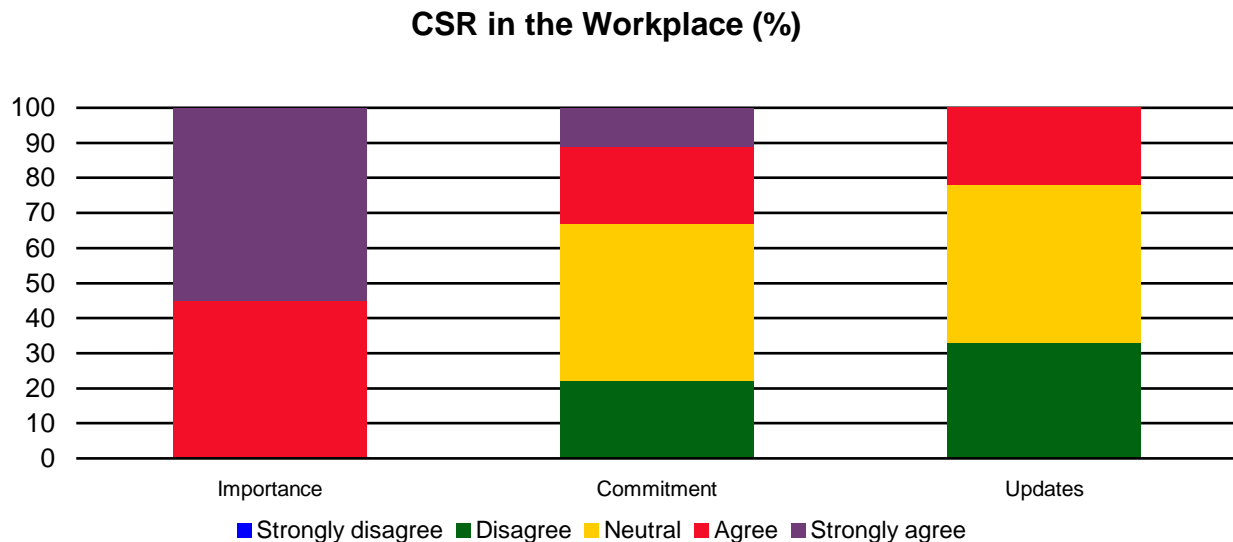


Figure 6.6 Operational Employees in Relation to CSR in the Workplace

It is apparent from the survey responses that there is a level of dissatisfaction amongst the respondents but as mentioned by JG the workplace is an area overseen by Human Resources and so is not reported on in the manner of Well World.

6.16 Approach to CSR

When developing the Well World strategy Bupa employed a gap analysis type approach in that it looked at its existing CSR initiatives and the Well World goals and saw what new initiatives were needed and how existing ones could be amended or improved to achieve these goals. An early PowerPoint presentation made available to the research shows Bupa’s position in October 2009 as follows:

- We have a wealth of CR activity occurring across Bupa and pockets of best practice.
- But there is little or no alignment to our strategy or our brand.
- We’re not joined up or structured in our approach.
- It is seen as a ‘nice to do’ - not fundamental to ‘who we are and what we stand for’ and what makes us special.
- Because of this we struggle to talk about what we do, both internally and externally.

- We don't robustly measure what we do.

- Delivering Corporate Responsibility (Bupa, 2009)

This was Bupa's position in October 2009 and resulted in the following objectives being agreed upon in November 2009:

- Develop a CSR framework that aligns all CSR activities.
- Develop robust processes to ensure we are effective management of environmental impact.
- Design and deliver successful 'Global Challenges'.
- Proactive internal and external CSR communications.
- Identify appropriate CSR robust measurement frameworks.
- Define future aspirations.

- Corporate Responsibility (3 Year Plan), (2009)

The objectives resulted in the following:

- Development of the Well World initiative which provides the framework for aligning all CSR activities.
- Development of the 'Healthy Planet' programme to address environmental impact.
- Delivery of successful Global Challenges in 2009, 2011 and 2012.
- Development of the Well World section of the Website and the Well World publication.
- Identification of future aspirations.

Of the objectives identified in 2009, the only one that Bupa has failed to successfully address is that of measurement. When asked why this was the case JG stated that due to the 'relative infancy' of Well World it was felt more appropriate to develop in-house audit and measurement systems. These systems are still in development and are seen as one of the next stages of progression.

The mobilisation of Well World is jointly split between advocacy and action according to a statement from a Sustainability manager at the group in an interview given to CSR Leaders in July 2012 (CSR Leaders, 2012). The advocacy approach centers on what Bupa can do to influence policy and systems and the action approach centers on what Bupa can do to empower people and encourage them to act.

6.16.1 Partnerships

Bupa sees the use of partnerships as key to the success of Well World and acknowledge in their Well World communications that success 'will require strong partnerships between the public and private sectors, charities and communities' and to that end 'Bupa is committed to working with other organisations and partners to inform our approach and to find opportunities to make a positive impact' (Bupa, 2012l). JPS explained that part of Bupa's CSR approach was to focus support on a charitable partner for a period of three years. Currently that partner is the International Diabetes Federation and prior to this it was the Alzheimer's Society, both of whose aims correlate directly with Bupa's CSR ambitions.

Partnerships are one of the more successful elements of Bupa's CSR story. These partnerships are used to achieve the company's community based goals. These include the Bupa Great Run Series, the Bupa Global Challenge, Building Powerful Communities in the UK and the Strategic Alliance for Inclusive Sport in Spain.

- The Bupa Great Run Series is the largest mass participation series of running events in the UK, comprising of seven races across the country with around 150,000 entries every year. Bupa has been the title partner of the events since 1993 (currently one of the longest running sports sponsorship agreements in the world) (Bupa Partnerships, 2011). The series include the world's biggest half marathon, the Bupa Great North Run, the UK's biggest 10km run, the Bupa Great Manchester Run, and Europe's biggest ten mile race, the Bupa Great South Run. In addition, Bupa is title partner of the Bupa London 10,000. The 'Great Run' series raises in excess of £28 million every year for charity (Great Run, 2011).
- The Bupa Global Challenge Series is another set of initiatives which encourage active participation in physical challenges and raise awareness of the benefits of exercise in helping to reduce the risk of developing chronic diseases. In 2011 Bupa organised 444 Global Challenge Events. These events included:
- Shall We Dance: This was a dance challenge which took place in care homes in Australia, New Zealand, Spain and the UK where residents and local communities were encouraged to participate in dance classes with the aim of encouraging physical and mental wellbeing. Activities included dancing with charities such as Alzheimer's Australia NSW and DANZ (Dance Aotearoa New Zealand).
- Family Fun Day: Double Olympic gold medalist, James Cracknell, joined over 400 people at the Bupa Cromwell Hospital in London where families participated in various sporting activities including Karate and rowing as well as more relaxing activities such as massages. Monies

raised at this event were donated to the Starlight Children's Foundation which makes once in a lifetime wishes come true for seriously and terminally ill children.

- The Big Walks: Employees in Europe and North America Division walked over 235 million steps, the equivalent of walking between their Manchester, London, Madrid and Boston offices 27 times. The Employees walked with local charities to promote the benefits of regular physical activity. For Bupa Health and Wellbeing UK, this meant visiting local schools to share the importance of getting moving, whilst Sanitas employees joined Fundacion También to help local disabled community members.
- Sport For All: Bupa employees from their International Markets Division took part in a 'Sport For All' initiative which engaged communities through a range of activities including badminton, windsurfing, cycling and walking. In Hong Kong people walked or ran a total of 10,000 km and raised money for the Children's Heart Foundation and in Latin America a series of events was organised in offices in Miami, Mexico, Bolivia and Ecuador to get people moving by cycling, taking part in family sport activities and building projects.
- WORKout: This initiative saw over 150 Bupa colleagues and over 170 local school children plus 20 teachers gathered at the O2 Arena in London to participate in setting a world record for the largest number of people playing hopscotch at the same time for their Bupa Global Challenge. It was one of a number of activities on the day designed around encouraging children to make healthy food choices and understand that exercise and movement can easily be made fun.

- Bupa Global Challenge (2011)

Bupa excels in the area of community engagement, something they have long been involved in before any formalised CSR strategies. Each of their activities is fundamentally linked to their business objectives with the 'Great Run' series now providing an impressive advertising campaign, which is possibly only surpassed by the Barclays Premier League in football or the Heineken Cup in rugby. The difference being that the Great Run series is linked with Bupa's business whereas the others are purely advertising platforms. Bupa's approach to community engagement specifically aligns with business objectives and represents a successful approach to stakeholder engagement.

6.16.2 Charitable Foundation(s)

Charitable foundations have been the cornerstone of Bupa's philanthropic initiatives. There are currently three Charitable foundations within the group, each of which fund research into different

medical areas. These consist of the Bupa Foundation UK, the Bupa Health Foundation Australia and the Sanitas Foundation, Spain.

The Bupa Foundation in the UK is an independent health research charity that funds research to prevent, relieve and cure sickness and ill health. Since 1979, the Foundation has donated approximately £24 million to medical and healthcare research.

The Bupa Foundation has three priority areas:

- 1) Driving action to prevent or alleviate chronic disease or the adverse elements of ageing; and to promote wellbeing.
- 2) Encourage the sustained uptake of healthy lifestyles.
- 3) Meaningfully improve public health.

The Bupa Health Foundation, Australia is a charitable institution that supports and manages important community health initiatives using a portion of the Bupa Group's investment income each year.

The Bupa Health Foundation invests in partnerships and activities that fall into the following categories:

- Promotion of health research.
- Promotion of health education.
- Promotion of programs for leading healthy lives.

The Sanitas Foundation, Spain is committed to fostering the practice of inclusive physical activities and sports for disabled and non-disabled people alike. The Sanitas Foundation does this through promoting accessible sport infrastructures network, researching the benefits of physical activity and sports for the handicapped in improving their health and encouraging their social integration. The Sanitas Foundation also promotes excellence in the training of young medical students in Spain, through awarding recognition to the best medical resident student and teaching hospital, in collaboration with the Ministry of Health, the Ministry of Education and the National Board of Medical Specialties in Spain.

- Charitable Foundations (2011)

As with the Great Run series partnerships, these charitable foundations existed prior to a formalised CSR strategy and are representative of Bupa's history of philanthropy. JPS explained

that the Bupa foundation was fundamental to Bupa's claims of a social purpose and was respected in both medical and corporate circles.

6.17 Communication

The communication of Well World is important to its success, as it offers a significant opportunity for Bupa to communicate its values and credentials to the public at large. To Bupa, Well World represents 'who we are and what we stand for and what makes us special' and so it is important that communications represent a transparent view of what the company is trying to achieve. JG explained that until June 2012 communications had been sporadic as Bupa was keen to have a robust CSR framework before going public with their goals.

Well World is primarily communicated through a dedicated section on the Bupa corporate website where each of the goals and objectives are clearly outlined along with supplementary information on how these are to be achieved. The website also contains videos containing interviews with customers and employees and a downloadable document which gives further details on the initiative. JG confirmed that technology based communication platforms are the primary method of communicating Well World and it is unlikely they will issue hardcopy reports due to the environmental impact.

References to Well World are becoming increasingly common in Bupa's corporate literature the most notable of which can be seen in the 2011 Annual Report and Accounts. Upon being asked whether there will be a separate CSR report on an annual basis. NTB said this is something the company wants to avoid as it implies CSR is separate to their business and it is Bupa's intention to evidence their CSR commitments through standard corporate literature so as to ensure a recognition of CSR as being inherent to the company's culture.

Bupa also actively promotes Well World initiatives through social media platforms such as Twitter, Facebook, Youtube, Pinterest and LinkedIn. JG claims that Well World communications will become more commonplace as relative to progress and successes.

The internal communication of CSR uses standard internal channels such as the e-mail, the intranet, notice boards and team briefings.

6.17.1 Findings of the Survey of Operational Employees in Relation to CSR Communications

The findings of section seven of the Survey of Operational Employees show a combination of e-mail and team briefings as being regarded as being most effective by respondents.

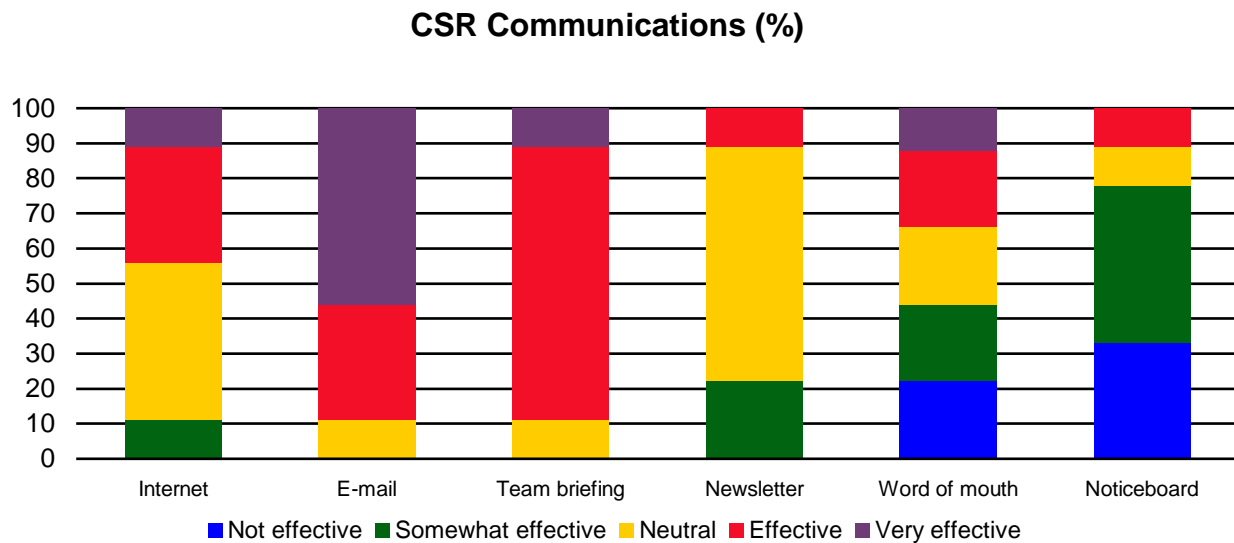


Figure 6.7 Operational Employees in Relation to CSR Communications

Another source of internal communication that JG and TC mentioned as being effective in the communication of CSR is that of Bupa Live which enables both the promotion of CSR and discussion. Bupa Live is a similar platform to Facebook and LinkedIn where each user (employee) has their own account and access to a communal notice board where topics are posted for informational purposes along with a forum type facility for discussion.

6.17.2 S.417 CA 2006

Each of the participants were questioned on whether section 417 CA 2006 had been considered when devising a communications strategy for Well World. There was a general lack of familiarity with it and a consensus that no specific consideration had been given to its requirements when developing CSR communications. However, upon further explanation of its requirements there was a collective confidence that Bupa's efforts thus far would constitute compliance with this section.

6.18 Stakeholder Feedback

Bupa believe that the introduction of their Well World initiative puts the company's CSR positioning firmly in the public domain. It has been designed to structure Bupa's social purpose in a way that aligns social and financial value. Bupa's long term CSR intentions were clear to all the interviewees and there was a general acknowledgement that the Well World initiative was a clear example of best practice for a company of Bupa's standing. Until its introduction in 2012 Well

World was developed largely on an in-house basis however, now it has been placed in the public domain the next stage of monitoring and review has begun. JG explained that this is of utmost importance if the integrity of Well World is to be maintained.

As the Well World initiative has only recently been presented to stakeholders, the development of formal feedback channels thus far has been minimal. JG explained that stakeholder consultation was high on the agenda for the next phase of development and acknowledged that the Well World team placed great importance on accessing stakeholder opinion of their ongoing efforts.

At the time of writing feedback can be directed through the Company Secretary whose e-mail address is available in corporate literature and on the corporate website. However NTB, JPS and TC admitted that it had so far been uncommon to receive such feedback by this route. JG suggested that social media channels had the potential to provide real-time feedback and were presently doing so, albeit to a limited extent. He also explained that development of social media as formal feedback channels was hindered by concerns over control issues whereby disgruntled customers (or other stakeholders) can air their grievances to the possible detriment of the Well World brand.

Bupa also have an extensive network of partnerships in the community owing to their long history of community engagement. These partnerships offer ready made communication channels and are presently being developed as part of the ongoing commitment to stakeholder consultation.

6.18.1 Findings of the Survey of Operational Employees in Relation to Stakeholder Feedback

Sections eight and nine of the operational employee survey assessed the both perception of the importance of both external and internal feedback and asked if the participant had ever provided feedback in relation to CSR.

Section eight sought opinion on the importance of both external and internal feedback to CSR programmes. Analysis of responses in relation to external feedback found that 67% of respondents were in 'agreement' that external feedback was important with the remaining 33% strongly agreeing with the same assertion.

Analysis of the responses in relation to internal feedback showed 56% to be in agreement that this was the case and 22% to be in strong agreement, however 22% also preferred to remain neutral in this case.

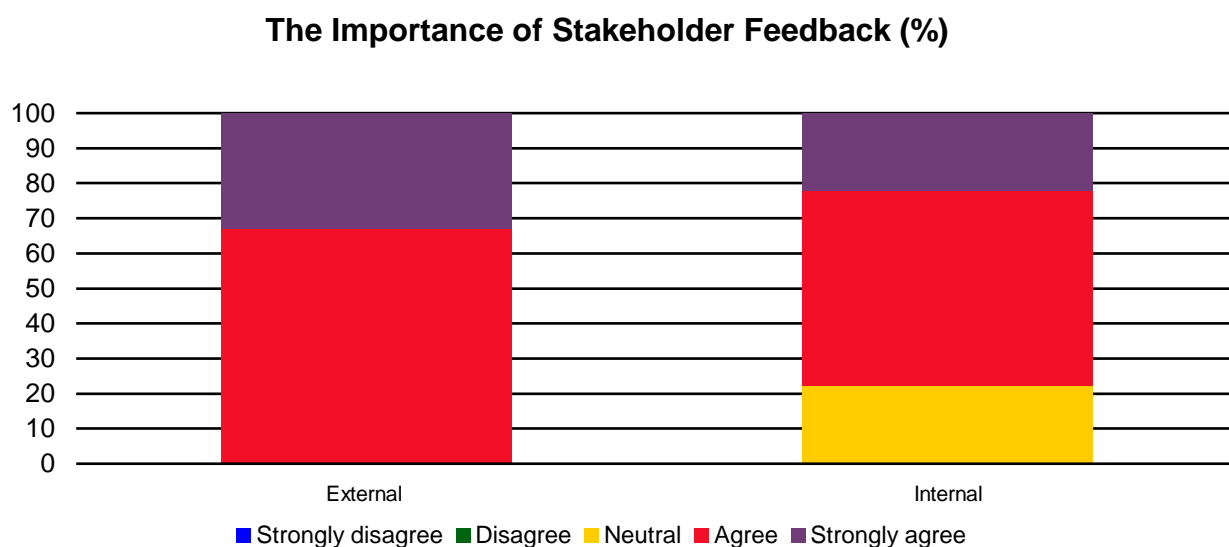


Figure 6.8 Operational Employees in Relation to Stakeholder Feedback

Section nine asked respondents to confirm whether they had personally provided feedback on their companies CSR activities to which 34% answered yes while 66% answered no which implies that although there are channels to provide feedback within the group, feedback is not forthcoming for many employees. JG explained that this was something the Well World team were working on to improve but would not further elaborate on these plans.

6.19 Measurement and Verification of CSR Performance

At present measurement and verification of Well World activity is undertaken on an in-house basis. JG explained that for the moment this is the most appropriate form of measurement due to the nature of Bupa's business. When asked if any of the existing reporting frameworks would be considered in the future NTB stated that future consideration would be given to globally accepted options such as the GRI framework however only if deemed applicable. Further elaboration on this statement revealed a concern that about the appropriateness of such frameworks to 'minimally invasive' companies.

There are some exceptions whereby third party audits are necessary most notably in relation to the environment, where an example of third party verification can be seen in Bupa's Australian operation where the company regularly completes the National Australian Built Environment Rating System (NABERS) on their corporate offices. On a group level Bupa provides explicit reporting on their carbon reduction programme with results currently available on the corporate website.

The foreseeable future will see the continuation of internal audit with the increasing input of stakeholder reviews.

6.20 Opportunities for Improvement

The Well World commitments and goals are both aspirational and ambitious but have the full support of the company across all levels. Bupa have identified three areas of innovation that can improve the impact of Well World as being:

- Providing unique insights: Working with the European Centre for Environment and Human Health to analyse which countries make it easiest to live a healthy, sustainable life through our Well World Index.
- Sharing expertise: Producing and publishing a free, practical Behaviour Change resource for government agencies and charities to demonstrate what works when it comes to making people act.
- Delivering events with impact: Getting at least 100,000 people active, and encouraging them to build activity into their everyday lives through the Bupa Global Challenge 2012.

- Bupa (2012m)

Bupa believe that each of these innovations, if successfully implemented can achieve a level of influence over their collective stakeholders that will motivate them to work with Bupa towards their social purpose of improving the long term health of communities and the environment.

6.21 Conclusion

The impression the researcher gained from the interviews conducted was one of sincerity in the belief in Well World. To Bupa, their social purpose is not the product of a marketing department but one that is enshrined in the company's constitution. Each of the interviewees expressed pride in being able to work for a company that through its success in the business world has the potential to benefit society. The company's commitment is clear from its stated goals and its ambition evident from the extent of the community goal. There was an admission that to an extent Bupa can be seen as 'late to the party' however it is their intention to make up for lost time (and opportunity) by ensuring that Well World becomes a credible and robust CSR programme recognised for a significant contribution to both corporate and social goals.

Section ten of the operational employee survey queried the extent to which CSR was important to the long term success of the company. 45% of respondents agreed that CSR was important to long term success, while 55% saw CSR as playing a peripheral role in the long term success.

None of the respondents choose the option that claimed CSR is unimportant to the long term success of their company.

CSR at Bupa has evolved significantly over the course of the research. It has progressed from a fragmented approach where business alignment was of minimal consideration to a far more focused strategy that aligns business objectives with stakeholder consideration. Bupa has created what they consider to be a 'bespoke' approach to CSR which has been designed to enhance the prospects of long term sustainability whilst benefiting the communities it operates in whilst minimising its environmental impact.

Whilst Well World may still be in its relative infancy, early indications suggest a confidence amongst management, the CSR department and employees that it can become an integral part of Bupa's future success. Well World represents a comprehensive well thought out approach to CSR in the knowledge intensive services sector allowing it to make a significant contribution to the development of a guidance framework.

Chapter Seven – Case Study B (Clifford Chance LLP)

'We are living through a period of momentous change. Organisations the world over are having to revisit fundamental questions about where they do business, how they do business and even what business they are in'.

- David Childs, Managing Partner Clifford Chance (2011)

7.1 Company Overview

Clifford Chance is one of the world's largest law firms which currently operates through 33 offices in 23 countries and employs approximately 3,200 legal advisers. It is a single partnership that has an 'unrivalled scale and depth of legal resources' across the Americas, Asia, Europe and the Middle East. Its core areas of commercial activity are Capital markets, Corporate and MandA, Finance and Banking, Real estate, Tax, Pensions and Employment, Litigation and Dispute Resolution. As well as legal expertise Clifford Chance advises on business critical issues and market opportunities and participates and advises at the highest levels of government, business and regulation (Clifford Chance, 2011).

Clifford Chance is a global firm that takes an integrated, full service approach to its business which spans continents, cultures and time zones, jurisdictions, practice areas and industry sectors. It employs a 'one firm' global business model which enables them to stand out in the marketplace as the only non-franchise law firm with a 'substantial footprint in all four of the world's major markets' (Clifford Chance, 2011). The firm claim to be one of the world's most 'highly regarded, forward-thinking and influential law firms' who promote best practice across all layers of their business.

7.2 Company History

Clifford Chance LLP came into being in 1987 when London based law firms Coward Chance and Clifford Turner merged. The merger was predicated on the shared belief that world's leading organisations would seek legal advice that was able to look beyond borders or narrow areas of expertise (Clifford Chance, 2011). Both of these firms were successful and well established in their own right with Coward Chance having been founded in 1802 and Clifford Turner in 1900.

Over the next decade the firm expanded across Europe and Asia and on 1 January 2000 it merged with New York's litigation-heavy Rogers and Wells and Germany's Punder, Volhard, Weber and Axster to become the largest law firm in the world. Expansion continues with Clifford Chance having recently opened five new offices, including its first in Australia and Africa (Chambers Student, 2011).

The success of Clifford Chance is almost unparalleled in the legal world and the strategic investment in globalising the firm appears to be paying off. Recent highlights in the Annual Review (2011) have included advising on the creation of the €440 billion European Financial Stability Facility (the firm's largest-ever transaction) and advising on US\$10 billion dual listing in London and Hong Kong by Glencore International plc, a world-leading producer and trader of mineral, energy and agricultural commodities (of which Computershare is the registrar).

In 2011 the firm grew 17% in the Middle East and 16% in Asia Pacific, and forged ahead in Latin America and Africa. However, in the US, UK and Europe progress has been at a slower pace due to uncertainty in their economies. This has resulted in the firm rebalancing with a view to doubling their Asia Pacific and Middle East revenues by 2014 as well as continuing to invest in US and European markets, which they have stated remain critically important to both the firm and their clients (Childs and Sweeting, 2011).

7.3 Governance

The Governance model of Clifford Chance consists of a Management Committee which is monitored by a partnership Council. The Management Committee consists of sixteen members who have responsibility for the firm's strategy, finances and profitability, the firm's growth and the development of its competitive position and the performance of the committee is monitored by the Partnership Council which is tasked with maintaining the firm's values and safeguarding the firm's reputation. The Council consists of seven members and is chaired by the senior partner.

A Global Corporate Responsibility (CR) Committee was established in 2008. It meets on a monthly basis and is supported by sub-committees addressing regional impacts and specific CR issues. These committees include the Global Diversity Committee, the Global Environmental Steering Committee, and Regional CR Committees (Clifford Chance, 2011b). Clifford Chance believe this governance model allows the firm to identify and analyse those metrics that monitor their success in integrating CR strategy into their business (Clifford Chance, 2011c).

7.4 Profile of the Interview Participant

Clifford Chance elected to have one point of contact for the interviews with the intention of forwarding any questions that were not answerable in the interviews to relevant parties for their input. The interview participant from Clifford Chance was the Director of Pro Bono services who has significant input into their CR programmes on a global level.

Tom Dunn (TD) is Clifford Chance's first ever pro bono lawyer. He qualified as a solicitor in 1997 and began his career as an adviser at Southwark Law Centre in Peckham, where he spent seven years acting for homeless people and social housing tenants in public law challenges against local authorities.

Tom then joined the College of Law as pro bono projects co-ordinator. During three years at the College's Store Street branch in London, he oversaw a pioneering government-funded legal education project on a Brixton estate, before he was hired by Clifford Chance in 2008.

7.5 Commitment to CSR

Clifford Chance's overarching vision is to become both the leader of the emerging elite group of international law firms and to be regarded as one of the world's leading professional services organisations. But to achieve these twin ambitions means tackling a third: to be the law firm whose corporate responsibility (CR) activities are most closely aligned with the way it does business.

- Clifford Chance (2012a)

In 2007 the Clifford Chance Management Committee made a pledge to put CR at the heart of their operation, both commercially and culturally (Clifford Chance, 2011b). In doing so, TD explained that the firm was building on approximately 15 years of existing CR 'type' programmes and it was the firm's intention to develop a governance structure to guide future work in this area. He echoed the firm's CR statement on the alignment of CR activity with business goals whilst stating it was his belief that this would strengthen the firm as a whole.

In doing so Clifford Chance identified three key areas upon which to focus their CR efforts as being:

- People: Where the firm's strategy looks inwardly at their responsibilities to their employees, particularly with regard to the critical themes of development and diversity.
- Community: Where the firm's strategy embraces not only their charitable and volunteering initiatives but also their pro bono activity. Three themes lie at its heart – increasing access to justice, access to finance and access to education.
- Environment: Where the firm's strategy recognises the impact their business has on the environment, as well as ensuring the firm stands up to the scrutiny of our clients, whom we often advise on such matters.

- Clifford Chance (2012a)

The above strategy is underpinned by the following eight principles, which the firm refer to as the 'Clifford Chance DNA'.

Exceeding clients' expectations

We are committed to helping our clients achieve their goals by providing commercially focused legal advice of the highest quality that will consistently exceed their expectations.

Local excellence, global standards

We ensure we can benefit our clients by combining the highest global standards of business and law with local excellence of service and by maintaining the depth, quality and scale of resources necessary to meet our clients' needs whenever and wherever they arise.

An ambition for success

We are determined to be the leader of an elite group of international law firms and to be at the top of the profession in each market where we practice. Our aim is to be regarded as one of the world's leading professional services organisations.

Investing in talent

To deliver on our commitment to our clients, we recruit and develop the best people. We believe that, by delivering great client service, we will be involved in the most interesting and challenging client work and, as a result, achieve the reputation and the high levels of profitability which are essential to attracting and retaining the best people.

An adaptable and approachable team

We believe in the power of collaboration, collegiality and teamwork and we have an open, approachable style. We expect our people to be flexible and creative and to have the desire and drive to embrace new experiences and challenges. We require everyone to put the interests of our clients and the Firm before their own.

Thinking ahead

To be at the forefront of the legal profession requires foresight, a desire to share ideas and a willingness to have a voice on issues of importance. We have the confidence to challenge existing thinking and to push boundaries.

Strength through diversity

We are proud of our firm and value the diversity of the people and cultures within it. In our firm people succeed according to their merits.

Community

Our strength comes from our 'one firm' approach and our partnership ethos. They underpin our ability to deliver excellent client service and create a working environment where talented people can succeed. We are ambitious for our clients and ourselves but we understand the importance of making a positive impact on the community at large.

- Clifford Chance (2012c)

These principles were designed to unite, differentiate and help drive priorities and strategic action and were identified and embedded across the firm to provide the 'core elements which make up our unique culture'.

(Clifford Chance, 2012c)

7.6 Towards Stakeholder Governance

TD asserted that Clifford Chance's strong commitment to CR is the acknowledgement of the necessity of change in relation to the broader governance of the firm. It demonstrates recognition that the legal industry is changing and like companies they have responsibilities to their stakeholders. TD explained the Clifford Chance saw the consideration of stakeholders as the 'duty' of the firm and such was the firm's belief in this duty that the firm have become one of the few law firms to become a signatory of the UN Global Compact.

When questioned as to whether or not the creation of Clifford Chance's CR strategy in 2006 represented a refocusing of governance priorities, TD claimed that although Clifford Chance had always employed elements of stakeholder governance, the current CR programme added structure, targets and business alignment and so in this respect stakeholder governance has heightened. TD explained that the marketplace was changing which meant that Clifford Chance had to change with it and through CR the firm saw an opportunity to extend the firms values 'beyond the provision of legal advice for reward' by working with stakeholders for a mutual benefit.

TD acknowledged the importance of profit but explained that the consideration of stakeholders would contribute to achieving financial reward as well as the long term sustainability of the firm.

7.7 CSR Terminology

Of the many different terms available in the sphere of CSR, Clifford Chance has remained constant in their choice of 'Corporate Responsibility'. This has been and remains the official term since 2006. TD explained that it was felt that CR is the most appropriate term for their business as it is used to describe programmes that have both an internal focus and an external focus and so to describe their approach as corporate social responsibility would not sufficiently cover their internally focused programmes.

TD stated that 'corporate responsibility is a useful phrase for describing the sense of responsibility the firm feels for the impact of its activities on the physical environment, it's duty to its own staff and the duty to contribute to communities throughout the world and so for Clifford Chance, CR is the appropriate term to describe their approach to stakeholder engagement'.

7.8 Creating a CSR Culture

Although CR was only formally introduced to Clifford Chance in 2006 the firm has had a history of related activity primarily through the provision of pro bono legal services and the Clifford Chance Foundation. When introducing a formal CR strategy to the firm, management took the approach of selling CR as an 'opportunity' and 'a need to raise the bar' and led their first CR report with the question: 'How can we build a better firm?' (Clifford Chance, 2008). During these early stages of implementation (former) Senior Partner Stuart Popham was very vocal about the fact that CR could play a role in ensuring the firm's place in an elite group of emerging international law firms (ibid; International Bar Association, 2010).

The 2012 Corporate Responsibility Report released in October 2012 refers to the efforts prior to the formalisation of CR at the firm as 'many' and 'disparate' which implies an existing culture of CR within the firm prior to 2006. TD explained that this existing culture ensured the introduction of a formalised CR strategy required little in the way of cultural shift as it was merely an extension of existing efforts, he specifically identified pro bono services which he described as being 'institutionalised' in the firm. He did however mention that the global nature of the firm meant that there were areas where CR had not previously been practiced, but as all offices realise they are part of a global firm there was minimal resistance to CR activity.

When asked about the appetite for CR in the firm TD claimed it was significant across all levels. He specifically referred to the Senior Managing Partners and their high regard for how CR can improve the firm's long term prospects. He explained that the senior management of the firm believed strongly that the firm should give back to society and that many of the most senior people in Clifford Chance gave up their time to help charities that were important to them and gave the example of David Childs, the Global Managing Partner of the firm, being a Trustee of 'Place2Be' which is a national charity which provides emotional support to children in school. TD further cited the high level of involvement of both professional and support staff in pro bono activity across the group as being representative of the group-wide appetite for CR.

The CR Report 2012 claims that the firm has so far made good progress and states that 'Our commitment to CR is now embedded in many aspects of the firm's life, from the criteria considered in appraisals through to our business planning. Participation levels in our community activities are high with every office involved, frequently working alongside clients and alumni of the firm' (Clifford Chance, 2012).

7.8.1 Findings of the Survey of Operational Employees in Relation to their Familiarity with CSR

Section one of the operational staff survey, which focuses on the level of familiarity employees at this level have with the firms CR activity, indicates success on the firms part in raising awareness of CR with 66% of respondents claiming to be moderately familiar with CR activity and 11% claiming to be extremely familiar with only 11% claiming to be somewhat familiar and a further 11% claiming a level of slightly familiar whilst 0% of respondents claimed to be not at all familiar.

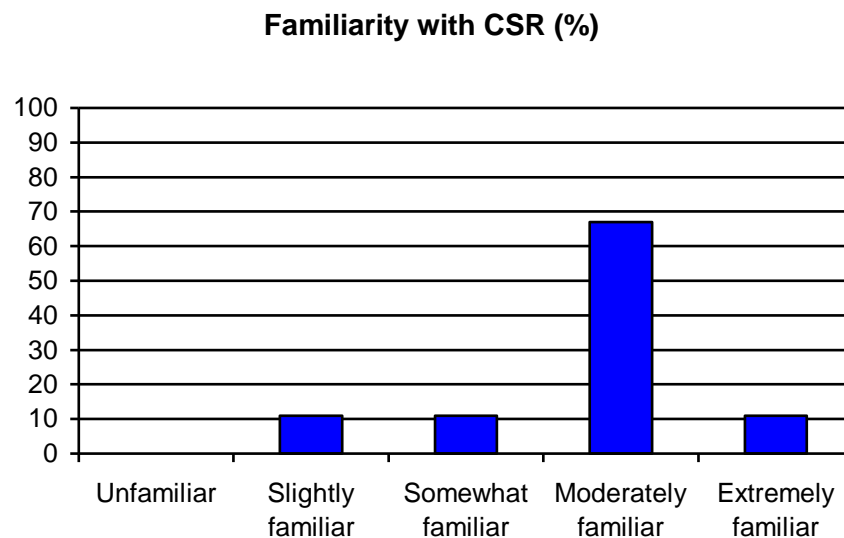


Figure 7.1 Operational Employees in Relation to their Familiarity with CSR

7.9 Creating Value through CSR

'Across the world we are finding new ways to work together – with colleagues, clients and alumni – on our global CR programme. Local inspiration and the energy of individuals at every level within our business ensure that our people, community and environment initiatives generate shared social value wherever we work'

- Clifford Chance, (2012)

While Clifford Chance recognise that they are in a position to generate social value, they are also quite open about the reciprocal benefits of CR. It is stated on p.5 of the 2012 Annual CR Report that the firms CR strategy supports the firm's business goals through cementing the 'close and trusting relationships' with its clients whilst working to support local communities. Working with more clients on CR initiatives is a key target for Clifford Chance. In 2011/12 the firm combined efforts with 27 client organisations, up from 19 the previous year, creating new chances in communities where they and their clients see opportunities to create social value by sharing skills, resources and expertise (Clifford Chance, 2012d).

TD identified this relationship building as a being an important factor in the firm building its reputation as it demonstrates the firms commitment to local communities. TD also asserted the belief that if the firm has a reputation for a robust approach to CR then this could play a role in the attraction and retention of the high quality staff. TD added an extra dimension to the creation of value to the firm through CR in that the firm uses CR to develop the skills of its employees. This is done primarily through giving new and inexperienced lawyers ownership of pro bono cases. TD reasoned that at a law firm the size of Clifford Chance new lawyers were unlikely to ever be given ownership of a case in the early stages of their career, as may have been the case 'twenty years ago'. He explained that the size of the cases that Clifford Chance as corporate lawyers received meant that ownership of cases was highly unlikely. Pro bono offers young lawyers this experience where they can manage a case in its entirety thus giving them experience and confidence. Each of these inexperienced lawyers would be under the guidance of a mentor to ensure that pro bono clients receive the same high levels of service that is provided to corporate clients.

TD confirmed that CR is now seen as making business sense and so can contribute significant value to the firm as a whole. He qualified this statement by confirming that there was an increasing number of clients asking for a demonstration of significant CR activity in legal circles and so the approach taken by Clifford Chance has been developed to offer a robust response to these requests.

7.10 CSR Leadership and Management

Clifford Chance has a comprehensive CR governance structure. Overall supervision falls to a Global CR Committee which consists of fifteen senior level employees from various global offices. The composition of the Global CR Committee is such that it includes members with a broad range of skills and includes the Managing Director, Senior Partner, Chief Operating Officer, Global People Partner and the Director of Pro Bono Services (TD).

The Global Committee is informed by the following sub committees: Regional CR Committees, the Global Environmental Committee, the Partnership Council and the Global Diversity Committee. TD confirmed that the Global CR Committee meets every six weeks.

TD explained that the daily management of much of the CR activity throughout the group tends to be co-ordinated on a regional basis by regional committees and champions. TD oversees the CR activity in the London office which is responsible for the provision of pro bono services (provided by the lawyers) and 'community outreach' voluntary activity (provided by support staff).

Clifford Chance's comprehensive CR governance structure demonstrates significant investment and commitment to its CR goals. Each of the committees meet on a regular basis so as to stay abreast with the latest CR developments both at localised and global levels. TD is of the opinion

that the leadership and management of CR at Clifford Chance is sufficient to ensure its continued success. However he noted the increasing requirement for involvement across the group which ensures that the success of CR policies is not just dependent on leadership but rather the group as a whole.

7.10.1 Findings of the Survey of Operational Employees in Relation to CSR Leadership

Section two of the survey of operational employees supports this view where 66% of respondents felt that firm CR activity was the responsibility of everyone whilst the remainder of opinion was evenly spread across the other options with 11% placing responsibility across senior management, team leaders and the board of directors respectively.

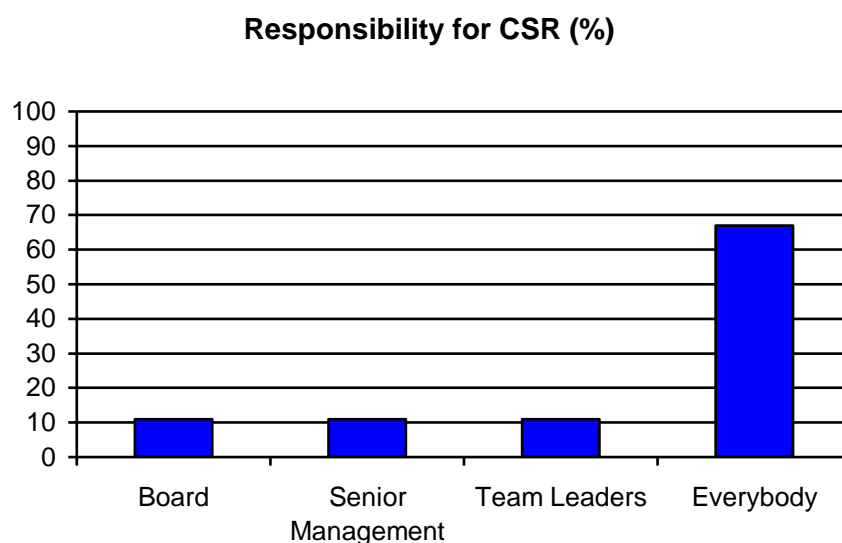


Figure 7.2 Operational Employees in Relation to CSR Leadership

7.11 The Influence of Section 172 CA 2006

As Clifford Chance is a Limited Liability Partnership it is not directly subject to section 172 of the Companies Act 2006 as it relates to 'directors' duties. Clifford Chance being a Limited Liability Partnership is mainly governed by the Limited Liability Partnerships Act 2000. While many provisions of the Companies Act 2006 are applicable to LLP's, director's duties are not amongst them and so partners are not bound by a duty to consider stakeholders in the same way as directors of companies are. This is not to say that consideration is not given. The scale of Clifford Chance's approach to CR implies a high degree of consideration towards stakeholders by the firm.

When asked if S.172 CA 2006 although not directly applicable had any influence over the development of the firms CR development, TD confirmed that whilst the firm 'does not pay formal regard to S.172 CA 2006, much of what the section refers to is integral to the firm's CR and broader business strategies'.

7.12 Motivation for CSR

The motivation for Clifford Chance's stems from a combination of business goals, a recent increase in stakeholder expectation and the desire to do good. TD explained that there is strong feeling across senior management that CR is a necessary component of modern business and so the firm in its quest 'to become the leader of the elite group of international law firms' (Clifford Chance, 2012) feels it should be at the forefront of CR activity in the legal industry.

The firm is clear in its understanding of the business benefits of CR and stated in the introduction to their CR Report in 2008 that:

'We believe this alignment will bring advantages on a number of fronts. It will help us to retain and attract the kind of people we need. It will help us to develop as individuals: pro bono and volunteering work expand our experience and broaden our horizons. And it will help us to cement the close and trusting relationships we seek with clients – especially where we undertake joint CR activities'.

TD furthered the above by claiming that the reputational benefits brought through CSR would do much to help the promotion of the firm on a global basis. He claimed this might be especially true outside legal circles where law firms would not necessarily be expected to actively engage in CR by the public and so might be surprised when they see the extent of what is happening at Clifford Chance.

As well as the internal drivers for CR, TD confirmed that the firm had recently received requests from a number of existing and prospective clients now enquiring about the firms CR activity. He said there are an increasing amount of clients and potential clients who now have very specific questions in relation to CR and require details on both measurement and progress. TD also stated that CR is also an area that is frequently enquired about by prospective employees.

TD suggested that the requests from both of these parties are a relatively new phenomenon and were relatively rare even at the beginning of the firms CR journey. It was apparent from TD's responses that the initial drivers for CSR were internal and while these drivers remain strong they may in the future be supplemented by external drivers.

7.12.1 Findings of the Survey of Operational Employees in Relation to the Motivation for CSR

Section three of the employee survey sought to gauge opinion of operational level employees as to what motivates CR in the business. The survey provided the following options:

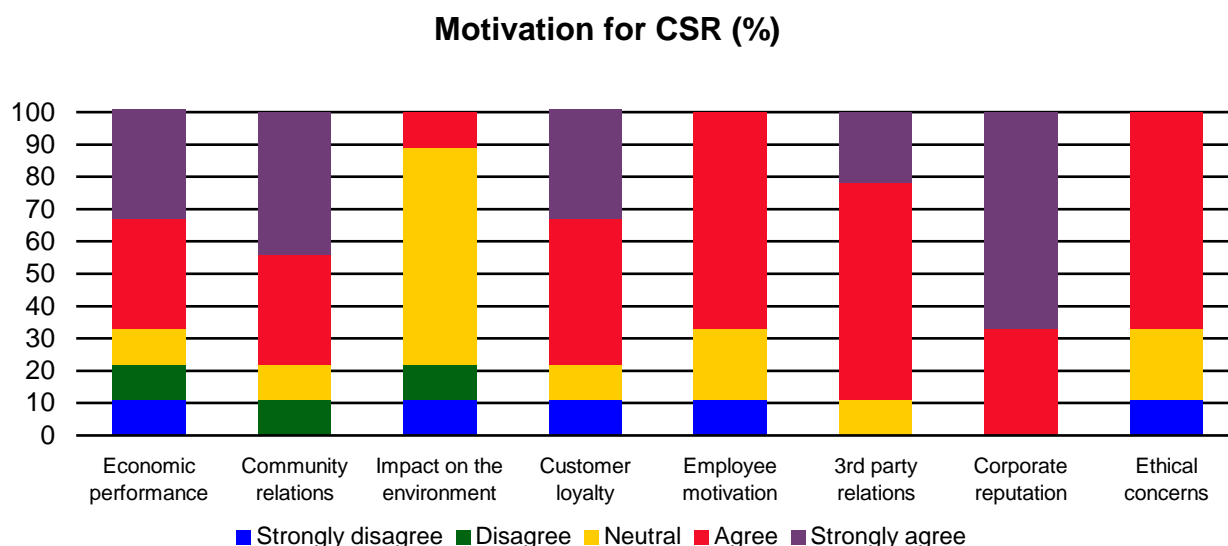


Figure 7.3 Operational Employees in Relation to the Motivation for CSR

Analysis of these responses suggests that operational employees feel that improving the company's reputation is the primary motivator for Clifford Chance's CRR activity. This is closely followed by improving third party relations. The option that employees felt was least motivational for CSR was environmental impact which is reflective of the minimally invasive nature of the firm.

7.13 Defining the Role of the Stakeholder in the Initial Stages

According to TD there was little need for input in the early stages in the development of the firms CR strategy, he explained that this was due to the existence of CR activity throughout the group which meant that the firm were already familiar with what was required. Their challenge at the early stages was adding structure to existing activity whilst ensuring a tangible benefit where possible. TD confirmed that no CSR consultants were used at this stage nor at any subsequent stage as it was felt the firm employed sufficient talent who possessed an intimate knowledge of the business and so were best placed to align both CR and business objectives.

Clifford Chance has been consistent in their approach to CR since its introduction providing regular updates to all stakeholders and are now at a stage where they are beginning to consult these stakeholders for feedback as to how to improve their programmes.

7.14 Developing CSR Aims and Objectives

The central aim of Clifford Chances CR activity is to 'align our business strategy with our CR goals, we are building a sustainable programme of activity that is making a significant and positive impact on both our firm and the communities in which we operate' (Clifford Chance, 2012e). This strategy is focused on the three principal areas of People, Community and Environment where the firm

believe they can have the greatest impact. Once these areas had been identified the firm then went on to identify aims and objectives that supported the alignment of CR and business in these areas. The following are the goals that were identified under each heading as set out in the 2012 Annual Report:

People

- Improve diversity
- Improve development opportunities

Community

- Provide access to justice
- Provide access to finance
- Provide access to education

Environment

- Advise on Policy
- Identify and manage the firms environmental footprint

TD explained that these objectives were decided upon as they represented a clear alignment of CR and business. The firm felt that this alignment would result in the most effective CR strategy and that it would not be beneficial to focus efforts elsewhere. It also felt that to exceed these boundaries would lead the firm into areas where their impact might not be as strong and there was the possibility of diluting the investment in areas where their impact would be strongest.

7.15 Identification of Focus Areas

Clifford Chance's decision to focus their efforts on their employees, community and environment was made because it was felt that these were the areas that gave the most scope for their efforts. The areas were formally identified after the Global CR committee conducted a survey of Regional Managing Partners to find out their approach to all aspects of CR. This survey revealed a startlingly broad range of programmes including pro bono advice, mentoring programmes, volunteering and environmental programmes which had grown out of local initiatives and many of which were well developed and popular with employees (Clifford Chance, 2008b). When the firm provided formal structure to their CR efforts they kept many of these programmes but grouped them into the following areas with the justifications as presented in the 2012 CR Report:

- People: Our people drive our firm's success. The quality of the people within the organisation, along with the diversity of viewpoints, will ensure we remain connected with our clients and at the forefront of our business.

- Community: We focus our efforts on three themes, where we have professional expertise and where our diverse mix of specialists across many disciplines can make a difference to the communities where we live and make our living: widening access to justice, to finance and to education.
- Environment: We advise clients on their environmental obligations and influence policy at a global level. We should therefore aim to be a leader in our industry in how we measure and manage our own environmental impact.

TD stated that the reasoning for the inclusion of these statements in the CR Report was to provide clarity as to why and how these areas and objectives were chosen. The firm sees its CR activity as showing due regard to what their clients, people and communities expect from them and so their aim is to exceed these expectations (Clifford Chance, 2008).

7.15.1 People

'Our aim is to be regarded as one of the world's leading professional service organisations. To get there, we need to invest in all our people, wherever they are'.

- David Childs, Managing Partner of Clifford Chance (2012)

Clifford Chance claim to use development programmes that reflect and wherever possible, anticipate the changes that are happening around the globe. The firm understands that 'on the job' training and knowledge enhancement are key components for the progression of all of their staff and so invest in the highest levels of training and education to equip their staff with the necessary skills (Clifford Chance, 2009). TD explained that the firm recognises that if it is to achieve its goals (both CR and business) it needs to have a high calibre of staff with a wide range of expertise and skills that can work together and consistently deliver and for this to happen, the firm needs to provide the appropriate environment. TD also cited 'collaboration' as one of the most prominent ways of developing staff, not just internal collaboration but also including collaboration with clients. The firm states that collaboration is a 'hallmark' of how it works with clients and this collaboration extends to gaining clients perspectives in the firms learning programmes, exchanging sector views and collaborative thinking to develop new approaches to the complex and critical business, financial, regulatory and risk challenges they face (Clifford Chance, 2012f). TD stated that this collaboration also extended into CR activity where the firm worked with clients for the benefit of communities, he gave a notable example of lawyers from a well known bank taking part in Clifford Chance pro-bono initiatives.

The firm places a great deal of importance on their ability to deliver a diverse range of viewpoints and solutions to their clients believing these to be vital to giving their clients a competitive edge. They therefore place great importance on diversity in the work place and strive to provide

opportunities for people based upon merit and regardless of background, and so continuously 'strive to ensure there are no barriers to equality of opportunity' (Clifford Chance, 2012g). The firm believe that promoting diversity means creating an inclusive work environment where everyone has the opportunity to succeed without obstacles based on their 'gender, marital status, race, colour, national or ethnic origin, disability, religious belief, sexual orientation, age or any other basis prohibited under applicable law' (Clifford Chance, 2012g). TD explained the importance placed on diversity was due to the firm's position as a global law firm and its intention of achieving and retaining market leading status.

Diversity in the workplace is viewed at Clifford Chance as being core element of their global expansion. By employing people from different countries and backgrounds the firm gains a greater understanding of not only law but local cultures and business characteristics of clients, thus diversity provides the firm with 'competitive strength'. There is also a commitment to ensuring that Clifford Chance is a inclusive organisation where all employees, regardless of 'race, religion, disability, sexual orientation, age, gender or background' are provided with the opportunity to fulfill their potential (Clifford Chance, 2011e). Examples of this commitment in practice are cited as being participation in women's networks, Lesbian, Gay, Bisexual and Transgender Groups, diversity workshops and the celebration of festivities such as Chanukah, Christmas, Eid and Diwali. On the issue of gender balance, the firm are actively trying to retain more female lawyers and bring them into partnership and have set a target of ensuring that 30% of partners will be women (Clifford Chance being the only leading law firm to set such a target).

In an effort to ensure transparency in their approach to diversity, detailed statistical and demographical records are recorded within the firm with summaries of these being published in the Annual CR Report (2011, p.8). This 'regular and rigorous' reporting has also now been extended to provide management with analysis relating to promotion and progression within the group (Clifford Chance, 2011b, p.6). Clifford Chance believe 'equality of opportunity, fairness, trust, acceptance of differences and the rights of individuals including the right to work in an atmosphere free from discrimination and prejudice' are important principles of the firm and stress that employees across all levels have a responsibility to ensure that these principles are applied (Clifford Chance, 2011f).

The development of staff is central to the success of the firm and so high quality training programmes which support on-the-job training and knowledge enhancement are the key components of the in-house development programme. The 'Clifford Chance Academy' runs over 550 different legal, technical and business skills courses each year as well as providing e-learning courses and career development planning.

Clifford Chance employ a mentoring scheme (The Career Development Partner Mentoring Scheme) from which lawyers receive support which helps them develop their knowledge of

detailed areas of law and provides guidance for progression to partnership and leadership roles within the firm. Business services staff are also supported in their organisational and career development through the recent introduction of a six-band global career framework which provides a transparent tailored approach to training and career progression, as well as a globally consistent appraisal system (Clifford Chance, 2011e).

The firm believes that their diversity and development initiatives will lead to substantial improvements in decision quality and problem solving abilities which in turn lead to a more competitive business. Clifford Chance's approach to diversity is the most progressive of any of the three case studies.

7.15.1.2 Findings of the Survey of Operational Employees in Relation to CSR and the Workplace

Section six of the operational employee survey sought to provide an insight into the perception of CR activity as related to the workplace. The results reveal that 11% of respondents agree and 88% of respondents 'strongly agree' that it is the firm's responsibility to provide a positive and engaging workplace. The next question asked if the firm were committed to providing the above and 11% of respondents disagreed that this was the case with a further 44% choosing the neutral option. There was a similar response to the final question in this section which asked if employees felt there was enough communication in relation workplace endeavors which again drew the response of 11% of respondents disagreeing and 44% remaining neutral.

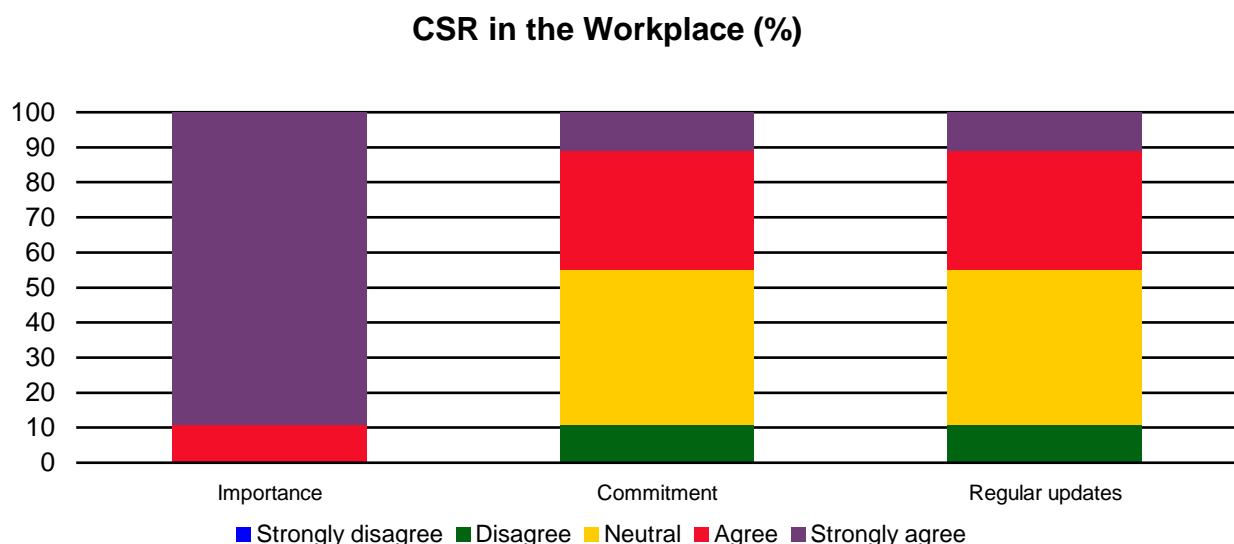


Figure 7.4 Operational Employees in relation to CSR and the Workplace

The results of this section of the survey suggest there may be more work to be done if Clifford Chance are to meet the expectations of their employees in relation to their CR related workplace endeavors.

7.15.2 Community

'To us, it's very important that Clifford Chance people use their talents and resources to help others'.

- Clifford Chance (2011f)

Clifford Chance see their community programmes as 'crucial' to their reputation and feel that through the skills the firm has to offer and the principles that underpin it, they are duty bound to engage with the communities in which they operate and use their talents and resources for their benefit. The firm's community strategy is directed at both charitable and volunteering initiatives and pro-bono activity. This involves employees working in conjunction with charities, NGOs and clients to increase access to justice, access to finance and access to education (Clifford Chance, 2011d).

The access to justice initiative focuses on the provision of free legal advice, something that has become increasingly important due to ongoing economic instability in many countries. These schemes offer access to justice by 'advising vulnerable people on their rights in both criminal cases and social welfare law, through supporting charities and NGOs who share the firms access to justice goals and through taking an active role in cases that have a national or international impact on the rule of law and human rights' (Clifford Chance, 2011g). These programs include FreeLaw in London where approximately 180 lawyers provided legal advice across five centres last year. Other examples include involvement in Hong Kong's Chunking Refugee and Asylum Seeker Centre and My Sisters Place, a domestic violence organisation in the United States (Clifford Chance, 2011b, p.13).

A standout success in this particular area is the 'Ask the Advisor' column in the Newham Recorder in London which offers advice on legal issues raised by residents visiting local weekly LawWorks clinics (Plenet, 2011). LawWorks is a charity which aims to 'provide free legal help to individuals and community groups who cannot afford to pay for it and who are unable to access legal aid'. It works with just under 100 member law firms and teams of in-house counsel as well as mediators, law students and solicitors who have been made redundant (LawWorks, 2011). The 'Ask the Advisor' column aims to disseminate free public legal education 'to improve local people's ability to solve the problems they face themselves or to seek specialist advice more effectively'. The areas of law covered in the column are determined by evidence collected at the weekly LawWorks clinics and so reflects some of the community's most pressing legal problems. This year the column focused on:

- Education issues (special educational needs, educating children with long term illnesses, truancy, admissions appeals, Education Maintenance Allowance),
- The elderly (pension entitlement, wills, sheltered accommodation, Carer's Allowance, the Blue Badge Scheme), and
- Consumer issues (doorstep selling, mobile phones, legal obligations of car owners, credit rating, identity theft).

- Plenet, (2011)

The access to finance initiative focuses on helping companies achieve the financial support that they need to continue in difficult economic times. A large part of the firm's business is related to finance and so they are using their financial knowledge to help facilitate access to finance. The firm's efforts in this area include 'advising on deals and publishing regulatory insights that help improve market liquidity, by leveraging our banking experience on behalf of individuals and charities engaged in alleviating poverty and by providing pro bono legal advice to charities and NGOs in the growth field of micro-finance and to individuals at the margins of mainstream financial services' (Clifford Chance, 2011g).

Initiatives the firm has undertaken in relation to providing access to finance include the creation of a 'Microfinance Group' which is a global forum of over 100 people across the firm who provide expertise to a number of Microfinance initiatives which includes the redrafting of contractual documentation for the Moscow office of Integra, an NGO that works with hundreds of small businesses in Central and Eastern Europe to alleviate poverty. Other examples include their work with 'Fair Finance' a not for profit social enterprise which provides alternative sources of credit and The Private Equity Foundation which utilises the expertise of the Private Equity sector to support charities helping young people not in education, employment or training (Clifford Chance, 2011 p.14).

The access to education initiative is an important part of their CR strategy as the firm makes the point that everyone at Clifford Chance knows what a difference education makes. The wide ranging programmes that the firm is involved in cover every stage of learning and development. Its contribution ranges from the participation in numeracy and literacy schemes in local primary schools right through to assisting socially disadvantaged students gain places at universities. Staff from every level of the firm become involved in projects that range from redecorating and rebuilding schools to helping children to read as well as participating in a range of mentoring programmes (Clifford Chance, 2011g).

The commitment to providing access to education has led to the development of 'Raising Aspirations' events which focus on helping children and adults 'believe they have the right to the best opportunities education can provide - and the confidence to pursue them' (Clifford Chance CR Report, 2011 p.14). The firm believe that their access to education initiative helps to unite the firm

through CR as it gives their employees in business services (who might not be qualified to participate in the other initiatives) the opportunity to use their skills to help others.

7.15.2.1 Findings of the Survey of Operational Employees in Relation to Community Engagement

The findings of section five of the Survey of Operational Employees shows that a high degree of recognition amongst employee of the importance of the firms commitment to the wider community. However responses in relation to the firms current efforts in this respect suggest that employees think more can be done. The third part of this section of the survey considered the current level of communication for community initiatives which shows all respondents being satisfied with the level of communication in relation to community engagement.

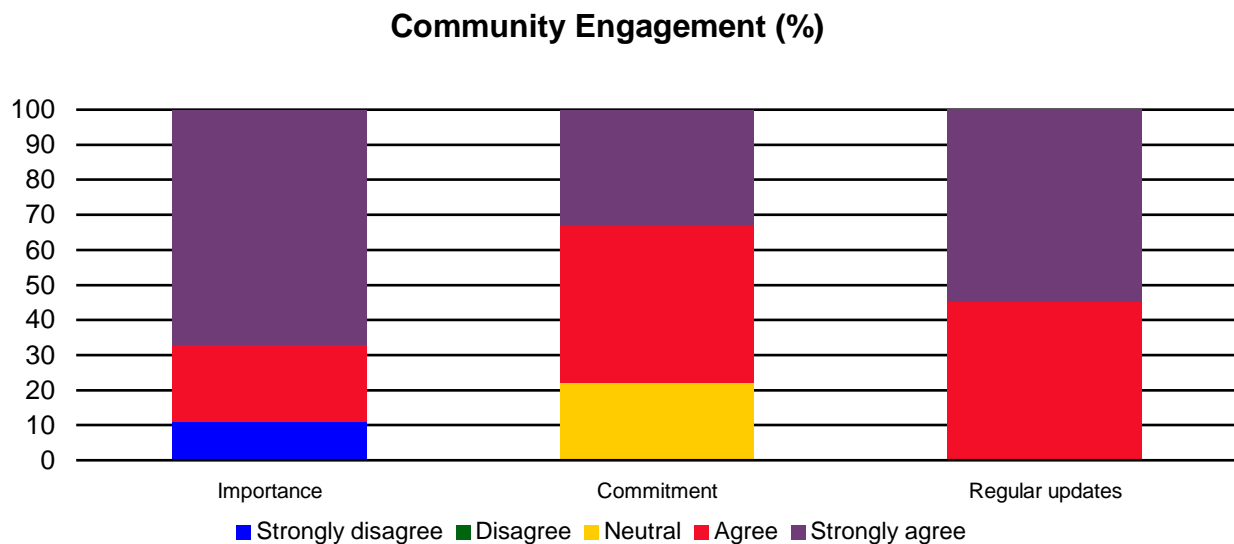


Figure 7.5 Operational Employees in Relation to Community Engagement

The findings of community section of the operational employee survey reveal a broad level of support for the claims made by the interviewees in the relation to the firm's community engagement activities. The importance of communities as a stakeholder is acknowledged both on an operational level and across the tiers of management. This importance is realised by the company's commitment to communities and the wide ranging schedule of programmes that exists across the firm. The awareness of this commitment amongst employees demonstrates an effective communications policy which is evident from the survey responses and again supports the interviewee's claims.

7.15.3 Environment

Clifford Chance recognise that their business impacts on the environment and believe that the management of their carbon footprint is critical to their CR strategy. The CR Report (2011, p.18-

19) sets out a list of environmental targets along with progress reports for both management and operational levels. Management targets include, running environmental awareness campaigns, the reduction of environmental impact through purchasing, and the introduction of an environmental management system. Operational targets include reducing CO2 emissions, using energy from renewable sources and recycling programs throughout their offices. If these targets are achieved the firm believe that they will be recognised as a leader and a pioneer in corporate responsibility amongst their peers.

It must be noted that Clifford Chance have also taken the opportunity to extend their environmental activity beyond that of their operational impact and into their business goals where they use their expertise in this area to advise on a range of environmental projects around the world. In Poland a team from Clifford Chance were appointed by PGE Elektrownia Belchatow to advise on construction, environmental, infrastructure, public procurement and financial aspects of one of the largest carbon capture and storage projects in the world (Clifford Chance, 2011 p.16). In Cape Verde the firm are advising on a public private partnership with Infracore, a development company, to deliver wind power capability across the islands (Clifford Chance, 2011, p.17). On the wider field of climate change and sustainable energy and the firm have also worked on a pro bono basis with the International Emissions Trading Association (IETA) in the development of structures that aim to facilitate the growth of carbon emissions trading. The firm have also contributed to the World Economic Forum's debate on climate change in 2008 (Gradsuk, 2011).

Through a combination of managing their own environmental impact and advising clients on environmental policy the firm has created a climate change focused practice around their traditionally financially focused practice. Much of this is based on their belief that the solution to the environmental problem lies in the financing of low carbon solutions and as a consequence use both their environmental and financial lawyers to address issues. An extension of this also sees Clifford Chance undertaking pro bono work focusing on making investment in the carbon finance sector easier and more attractive.

7.15.3.1 Findings of the Survey of Operational Employees in Relation to Environmental Impact

The findings of section four of the Survey of Operational Employees reveals a broad level of satisfaction across the firm's environmental initiatives. Computation of the modal value in the section questioning the importance of managing the firms environmental impact shows an equal split in the agree and strongly agree categories with 44% each and just 12% neutral. The level of agreement fell in the next section which questioned whether the firm was doing enough to manage their environmental impact and the modal value placed in the agree category however with 22% of respondents disagreeing that enough is being done in this respect.

The third part of this section of the survey reveals an even split over the strongly agree, agree and neutral categories in relation to the effectiveness of environmentally focused CR communications.

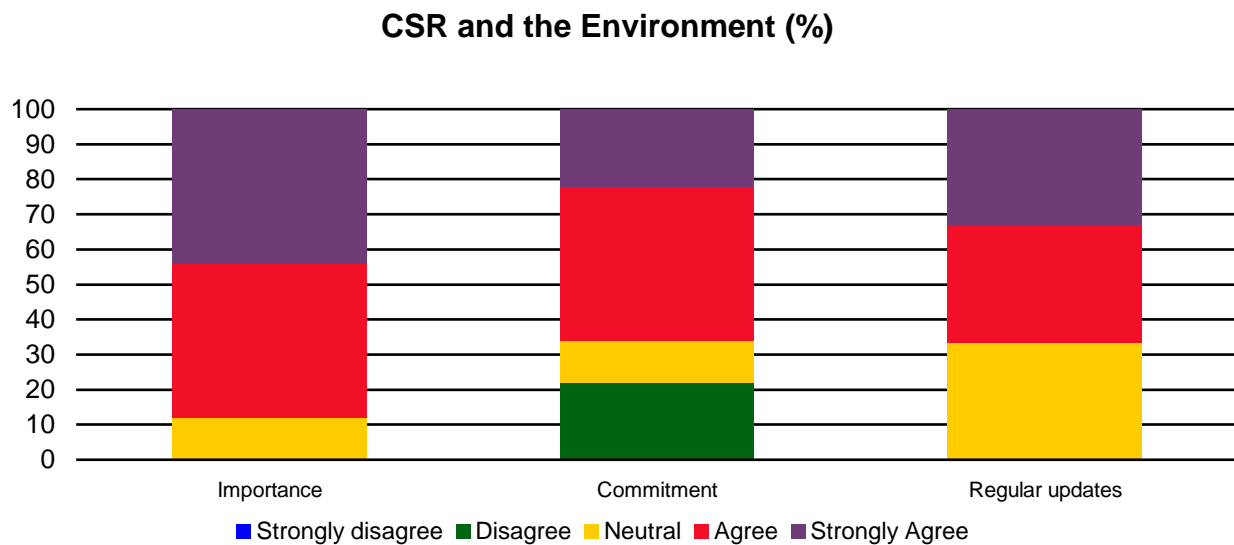


Figure 7.6 Operational Employees in Relation to Environmental Impact

The findings of the environmental section of the operational level employee survey are generally supportive statements made by TD in relation to environmental initiatives and those laid out in the Annual CR reports. However analysis indicates that while there is a general recognition of the importance of managing environmental impact there is still work to be done on the firm's commitment to reducing its environmental impact.

7.16 Approach to CSR

Prior to the decision to formalise and structure CR activity at Clifford Chance, the firm had a long history of active participation in its wider communities which included direct involvement and in-kind assistance. Upon the decision in 2006 to formalise CR the firm decided that their approach should be based upon 'starting from where we are' (Clifford Chance, 2008). TD explained that this meant examining existing CR activity, creating goals and objectives and seeing what more could be done to achieve these, TD stated that the initial stages of CR development saw the firm identify a number of specific aims along with a timeline for achieving these. These aims are communicated in the 2010 CR Report along with the status as being:

- 1) Formally state Clifford Chance's commitment to responsibility (2006)

Status: Achieved. *The firms first Corporate responsibility report in 2008 set out their over arching responsibility strategy, and embedded corporate responsibility in their business strategy across every region.*

2) Create clear targets (2006/07)

Status: Achieved. *The first Corporate Responsibility report in 2008 set out a series of responsibility targets which are reviewed and updated each year.*

3) Establish Global CR Committee (2007)

Status: Achieved. *The Global CR Committee was established in 2008, and is supported by sub-committees addressing regional impacts and specific CR issues, such as the Global Environmental Steering Group.*

4) Formalise CR activities and establish reporting standards (2008)

Status: Ongoing. *A major step towards formalisation has been the creation of the Clifford Chance Foundation, with a clear remit for its community activities. Reporting standards are still evolving with the implementation of CR. Annual progress reports are now published.*

5) Increase stakeholder engagement (2009/10)

Status: Ongoing. *Regular CR events with staff, partners, clients and other external groups provide important opportunities to share the firm's CR strategy and to capture feedback.*

6) Continually review and improve ('The future')

Status: Ongoing. *Established a yearly process of reviewing and improving CR performance.*

- Clifford Chance (2010)

According to TD, Clifford Chance's approach to CR is on track, feedback obtained from clients shows a high degree of satisfaction with firms undertaking. TD also admits to a personal level of satisfaction with the progress and future prospects, a satisfaction which TD feels is common across the firm.

7.16.1 Partnerships

TD believes that one of the strengths of the firm's CR activity is its use of partnerships to help achieve CR goals. The firm currently have a wide variety of partnerships around the globe which include:

- A partnership with Bain and Company, Credit Suisse, Ernst and Young, Permira and Thomson Reuters which funded the establishment of Social Business Trust, which helps social enterprises scale up using a combination of funding and business expertise (Clifford Chance 2011a).

- A partnership with NYU Law School in a programme involving student interns working on-site at the Washington Heights and Inwood Development Corporation. (WHIDC) mentored by Clifford Chance lawyers (Clifford Chance, 2011a, p.14).
- A partnership with local advice centres in London to provide legal support to people in need, the Freelaw programme. FreeLaw clients come from the most disadvantaged areas of the capital. A large proportion belong to ethnic minorities; many have poor English and multiple social welfare and legal problems (Clifford Chance, 2008c).
- A partnership with Avocats Sans Frontières (ASF) France is centred on our Paris office. The firm are entering the fourth year of a close partnership with this non-profit association under which they provide legal talent, business services skills and logistical resources (Clifford Chance, 2008c).
- A partnership with the Agora Partnerships which is a non-profit organisation that supports entrepreneurs in developing countries by providing microfinance venture capital. It has launched operations in Nicaragua and hopes to expand its work throughout Latin America and beyond. Since April 2006, 11 of the firms New York attorneys have donated their time to help set up its investment fund and advise on business initiatives (Clifford Chance, 2008d).
- A partnership with The Clare Partnership for Schools which is a unique collaboration between Clifford Chance, KPMG, Morgan Stanley, Tower Hamlets Education Business Partnership and Clare College, Cambridge. It aims to raise the aspirations of students in East London, encouraging them to apply to top educational institutions. The three corporate partners provide funding, strategic programme input and practical support, including business mentors for the students (Clifford Chance, 2008e).
- A partnership with the Mulberry School for Girls which is a community secondary school in Tower Hamlets, London. Clifford Chance's Mentoring Programme for 14 and 15 year-olds at the school was established to help the students reach their goals for the future, and every month 30 volunteers from their London office take part in the programme. Since 2001, the firm have mentored more than 540 Mulberry students (Clifford Chance, 2009b).
- A partnership with Georgetown University Law Centre in Washington, DC which each year sees first-year law students from disadvantaged backgrounds benefit from the international public interest fellowship programme (Clifford Chance, 2009b).

The global CR Committee is investigating how they can increase the firm's contribution of hours to CR activity and are developing a new framework of global partnerships with a number of NGOs. So far these include partnerships with Fair Trials International, African Prison Project, Asylum

Access and Human Rights Watch (Clifford Chance, 2012). Each of these relationships will be led by partners with a view to increasing partner visibility and leadership in CR activities.

7.16.2 Charitable Foundation

In 2008 The Clifford Chance Foundation was set up to complement the local level community and pro bono activity already being undertaken. The aim of the foundation is to provide a focused and co-ordinated approach to the firms charitable giving and ensure that this is more closely aligned with their three 'accesses'. As well as providing funding to many small charitable concerns around the world, the Foundation has made major commitments to provide substantial support for an educational initiative in India, being run by Save the Children and the development of the international reach of the French legal NGO Avocats sans Frontières. So far, nearly £4 million has been spent or committed by the Foundation (Clifford Chance Foundation, 2011).

In 2010 the foundation launched their 'Access to Justice Award' which is 'helping to bring equal treatment before the law to the most vulnerable people and communities around the world' (Clifford Chance, 2011). The Award comprises a donation of £50,000 from the Clifford Chance Foundation and 500 hours of pro bono and volunteering time over an 18-month period. It is open to any not-for-profit organisation, anywhere in the world, that helps individuals, groups or communities preserve or secure their right to the basic necessities of life (Pro bono forum, 2011).

7.17 Communication

TD explained that updates on all aspects of CR activity are regularly communicated throughout the business which helped ensure its continuous visibility across the firm. He confirmed that the intranet was the most frequently used channel of communication in this respect, supplemented by e-mail when necessary. The intranet in TD's opinion represents the most efficient way of communicating CR messages. It is frequently used by employees and allows for comprehensive updates on the work being done in a way that is not practical in e-mails and noticeboards.

Section seven of the operational employee survey focused on the internal channels of communication and asked respondents to rate the options in order of effectiveness. The results of this survey showed e-mail and team briefing to be the most effective which is in contrast to TD's assertion that the intranet seemed to be the most effective.

7.17.1 Findings of the Survey of Operational Employees in Relation to CSR Communications

The findings of section seven of the Survey of Operational Employees shows e-mail as being regarded as being most effective by respondents.

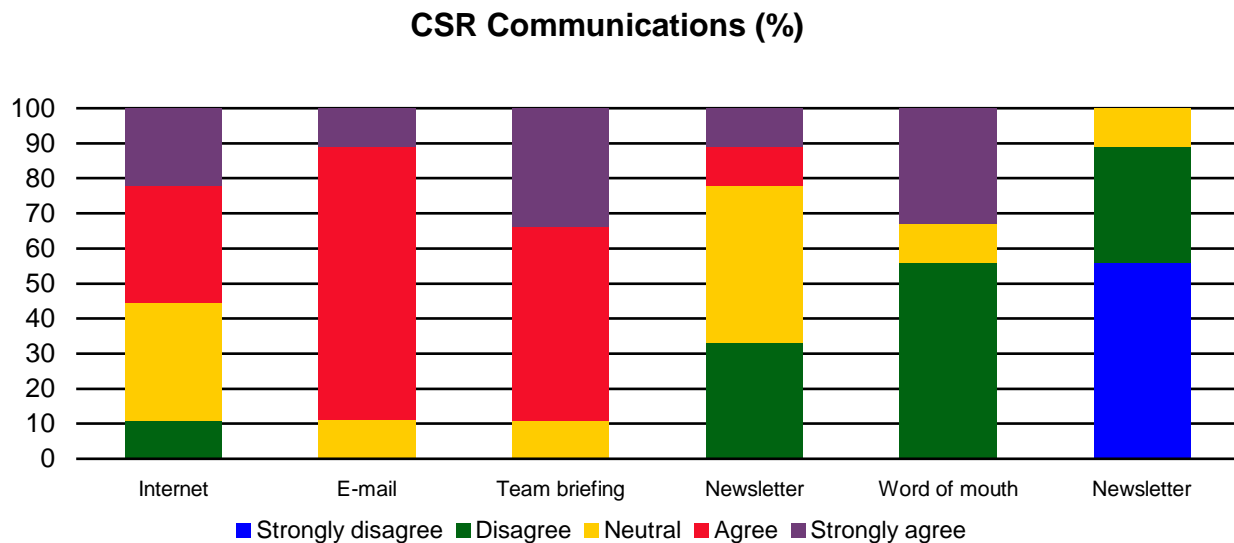


Figure 7.7 Operational Employees in Relation to CSR Communications

In relation to the external communication of CR initiatives, TD highlighted two key channels as being the Annual Corporate Responsibility Report and the Corporate Website which has a CR section that provides details on what drives CR at Clifford Chance and what initiatives are being undertaken. The website also provides links to download all of the previous CR Reports from 2008 onwards. TD explained that the CR Report is the primary method of external CR communication, he explained that the management committee regard it as an integral part of the firms overall communication strategy to the extent that they publish it at the same time as the firm's annual report and accounts. Copies of the CR Report are prominently displayed at the reception of every Clifford Chance office and offered to clients and prospective clients as standard corporate literature.

The firm also utilises a variety of social media channels to communicate CR activity such as Twitter and LinkedIn, however TD explained that communications via these channels are primarily headlines and brief explanations along with links to download the CR Report for further information where applicable. TD commented that he was not aware of any intention to further expand social media communication via these channels.

7.17.2 S.417 Companies Act 2006

When asked if consideration was given to S.417 CA 2006 when compiling the CR Report, TD confirmed that it was unlikely as the firm was not bound by this section of the Companies Act, he also stated that the firm were not legally obliged to produce an annual report at all but felt it was appropriate to do so given the nature of their business and global reach. Although S.417 is not specifically considered, the firms reporting would demonstrate compliance with its requirements

7.18 Stakeholder Feedback

Clifford Chance believe that the effective management and development of the firm requires regular, two-way dialogue with a wide range of stakeholders (Clifford Chance, 2012h). TD confirmed that the need for stakeholder engagement is especially true in terms of CR strategy as its success is relative to the recognising the needs of the relevant stakeholders. The use of stakeholder engagement allows the firm to clarify their goals to stakeholders and how they will be achieved and receive feedback that enables the delivery of optimal results. TD asserted the importance of stakeholder engagement in CR, something which is reflected in the 2012 Corporate Report which outlines the firms approach to by listing a comprehensive set of stakeholders and the methods of engagement for each as listed below

Stakeholder	Method(s) of Engagement
Community Partnerships/NGOs	Regular updates, Relationship Reviews, Networking events
Government Regulators	Briefings, Surveys, Delegations, Regulatory Advice and dialogue
Academic Institutions/Think Tanks	Research projects, Academic articles and books, Publications Teaching and lecturing, Conferences and seminars, Tailored executive education, Recruitment activity, Sponsorship
Alumni	Online portal, Networking events, Alumni yearbook, Newsletters
Employees	Firm wide and local office newsletters, 'Open forum'/'town hall' meetings, Appraisal process, Match-funding support for fundraising, Informal briefings with management and NGO partners
Recruits	Campus presentations, Feedback forms, Research and surveys, Focus Groups, Vacation placements, The application process
Media	Briefings, Regulatory updates, Press release, Roundtables, Cultural Events
Clients	Relationship meetings, Client research, Deal reviews, pitches and proposals, Capability statements, Corporate website, Events, Briefings
Partners	Management updates, Dedicated partners' intranet site, Partners' meetings, Business and Financial Update calls, Consultation and votes

Table 8.1 Methods of Stakeholder Engagement

The firm believe the feedback received from these methods shapes their approach to CR (Clifford Chance, 2009).

7.18.1 Findings of the Survey of Operational Employees in Relation to CSR Related Feedback

Sections eight and nine of the operational employee survey assessed the both perception of the importance of both external and internal feedback and asked if the participant had ever provided feedback in relation to CR.

Section eight sought opinion on the importance of external feedback to CR programmes. In relation to this 88% of the response rate was spread over the 'agree' and 'strongly agree' options (55% and 33% respectively). There was an identical response rate in relation to the importance of internal feedback which highlights the overall appreciation of the value of stakeholder input.

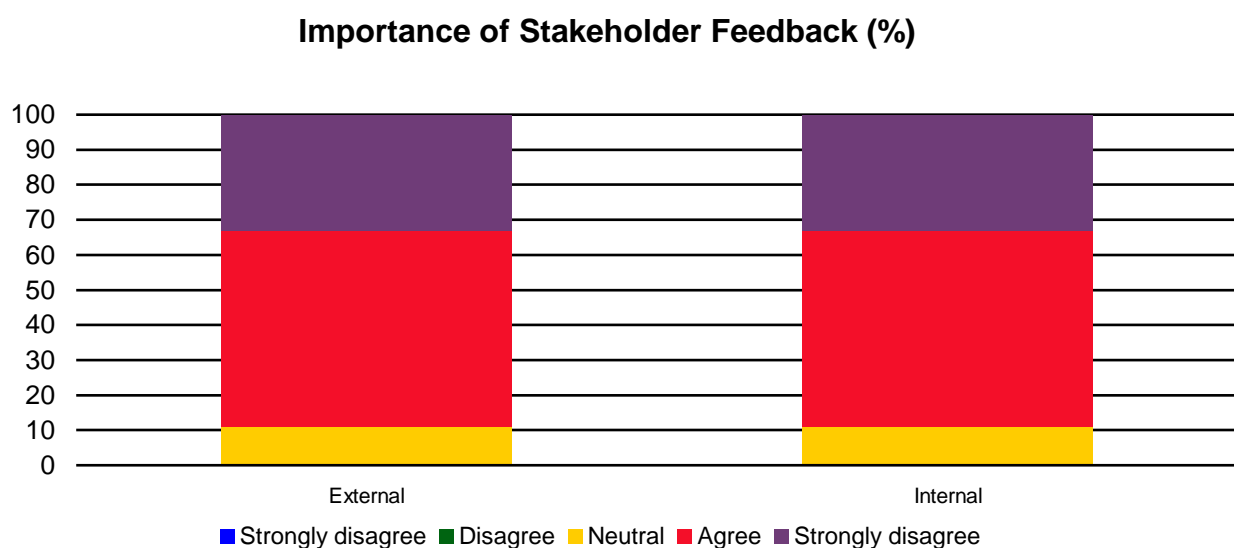


Figure 7.8 Operational Employees in relation to Stakeholder feedback

Section nine asked respondents to confirm whether they had personally provided feedback on their firm's CR activities to which 56% answered yes while 44% answered no which indicates that although there are channels to provide feedback within the group, more encouragement is needed to use these channels.

7.19 Measurement and Verification of CSR Performance

The Annual CR Report outlines a set of targets designed to track the progress of CR initiatives against the overall CR goals. These targets are reviewed throughout the year by senior management. The targets are set to ensure the firm maintains momentum and are shared with staff and stakeholders on an annual basis (Clifford Chance, 2012i). TD confirmed that the targets are regularly achieved and he anticipates continued success.

TD explained that although the firm are satisfied with CR progress to date there are always opportunities for improvement. He explained although that the specific targets set out in the

corporate report represent opportunities for improvement in general terms the firm strive to keep raising the bar and so have set the following targets for 2013:

- To enhance the pro bono and community outreach contribution we make to the communities in which we operate.
- Achieve 51,000 pro bono hours in 2013 (or 16.7 hours per FTE).
- Increase the proportion of lawyers undertaking pro bono work from 48% to 60% by the end of 2014.
- Increase the number of business services staff volunteering hours by 10% from 4,000 to 4,400 by year end.
- Increase the number of partners sitting as trustees on not-for-profit boards by 10% from 105 to 116 by year end.
- Increase the number of partners leading pro bono relationships by 15% from 55 to 64 by year end.
- Develop at least ten strategic global relationships with NGOs by year end.
- Increase the number of clients with whom we work jointly on community involvement initiatives to 30 and increase the number of initiatives with those clients to 40 by year end.

TD explained that Clifford Chance currently utilised an in-house approach to CR measurement as the Global CR Committee felt this was most appropriate. This was surprising to the researcher as Clifford Chance is signatory of the United Nations Global Compact and played a central role in supporting its development. TD explained that although the firm supported the Global Compact it felt that the associated GRI guidelines in their entirety were not applicable to the firm. They have therefore chosen to report on the GRI indicators which they feel are most relevant to their business and of greatest interest to their stakeholders.

7.20 Opportunities for Improvement

As well as setting and striving to achieve specific targets TD explains that the firm are always on the look out for opportunities to improve on the existing strategy. He explained whilst these opportunities are continuously presenting themselves they are many and generally at a regional level and to be acted upon have to fit the firms criteria. For opportunities of a more general nature he referred the researcher to the 2012 CR Report (p.26-27) which identifies how the firm are currently seeking to improve their overall approach to CR. These relate to:

- Governance: Increase partner visibility and leadership in CR activities.
- Business alignment: Increase engagement with our people and embed CR into client relationships.
- People: Achieve a more diverse partnership and achieve a more diverse staff population.

- Environmental: Every office to achieve minimum standards by 2013 in every category; offices achieving the minimum standard to maintain progress.

7.21 Conclusion

From the analysis of the interview and the results of the survey it is apparent that Clifford Chance employ a well structured and focused approach to CR. The firm sees the alignment of CR activity with the business as being imperative to its overall success and so have made a significant long term commitment. On a personal level TD expressed pride in his association with both the firm and its CR achievements and a satisfaction that his entire role was that of one focusing on Pro Bono and CR activity. He is confident that the firm will achieve its goal of becoming the leader of an elite group of law firms and he is confident that CR will play an important part in this.

Section ten of the operational employee survey queried the extent to which CR was important to the long term success of the company. 44% of respondents agreed that CR was important to long term success, while 55% saw CR as playing a peripheral role in the long term success. None of the respondents choose the option that claimed CR is unimportant to the long term success of their company.

Throughout the course of this case study Clifford Chance has maintained a consistency of approach in line with the strategy introduced in 2005. The firm believe their CR strategy to be innovative within the legal industry and central to their ambition of becoming the leader of an emerging group of international law firms. The firm believe that their chosen strategy is producing the desired results throughout their stakeholder network. Their approach has received substantial recognition as being an example of a clear alignment of business and social goals.

Clifford Chance employs a mature CR strategy for the knowledge intensive services sector and one that has thus far been successful. It is therefore considered as relevant to the construction of a CSR guidance framework.

Chapter Eight – Case Study C (Computershare)

'We understand that long-term future success depends upon improving our reputation, enhancing employee morale, finding new revenue streams and cutting costs. So we pay particular attention to the demands and concerns of our various stakeholders, while respecting and working to improve the communities and environment in which we operate'.

- Computershare (2012)

8.1 Company Overview

Computershare is a leading financial market services and technology provider and the world's largest share registry company. It is a global market leader in transfer agency and share registration, proxy solicitation, employee equity plans, and stakeholder communications. It also provides expertise in corporate trust services, tax voucher solutions, bankruptcy, administration and a range of other diversified financial and governance services (Corporate Secretary, 2011). The company employs over 10,000 people and provides services to more than 30,000 clients and 100 million investors in 20 countries including; the United Kingdom, the United States of America, Australia, Canada, Germany, Ireland, Denmark, the Channel Islands, South Africa, Hong Kong and New Zealand (Computershare, 2011a).

Computershare services are used by a wide variety of customers ranging from small regional companies to large global corporations with multiple stock exchange listings. The company believes that the key to their success is the provision of direct access for clients to a full suite of interconnected services which can be tailored to particular requirements. The primary focus of their growth is 'the efficient servicing of important stakeholder groups' (Computershare Governance Services, 2011). 'Important' stakeholder groups in this respect being the clients. Computershare is a publicly traded company, listed on the Australian Stock Exchange (ASX) under the symbol 'CPU'. The company's growth has seen its initial market capitalisation grow from AU\$36 million in 1994 to approximately AU\$6 billion in 2010 (Computershare, 2011b).

8.2 Company History

The company was founded in 1978 in Melbourne Australia as computer services bureau for share registries. The specialised nature of their core product (registry software) and its resultant demand enabled them to rapidly expand into global financial markets. This expansion led to the eventual listing on the ASX in 1994. The company's continued expansion saw it entering the UK market in 1995 where it achieved significant presence through the acquisition of the Royal Bank of Scotland's registrar department in 1997 (ASX, 1998). The business continued to grow by

expanding into Ireland and South Africa (1998), Hong Kong (1999), US and Canada (2000), Germany (2003), India (2004), Japan (2005), Denmark and Sweden (2009) and Italy (2011) (Computershare, 2011b). This continuous growth has resulted in Computershare's current position as a market leader in investor services.

Computershare attribute their continued success to their 'commitment to providing world-class services and products that perfectly align to the strategic needs of our clients in attracting and engaging their stakeholders' whilst retaining the ability to 'develop and retain high calibre employees who are focused on service excellence' (Computershare Governance Services, 2011). The company operates in a competitive industry and so to maintain their placing as a market leader its management recognise the importance of CSR to their continued success. This has led to the development of a comprehensive set of CSR policies and processes and a commitment to their implementation and continued development.

Computershare is the only case study to be headquartered outside of the United Kingdom and the only case study to be regulated by stock exchange rules (ASX). This was felt to be a significant factor when drawing comparisons with other companies to see if regulation resulted in any significant difference in approaches to CSR.

8.3 Governance

As Computershare is a listed company it is required to act in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. As such Computershare's governance structure consists of the main board, a Nomination Committee, Remuneration Committee, a Risk and Audit Committee, Acquisitions Committee and a CSR Committee (Computershare, 2011c). The company's main board is heavily weighted in favour of the Non Executive director (not all of whom are independent). The board comprises of a Non-Executive Chairman, the Chief Executive Officer and six Non Executive Directors, five of which would be classed as independent. The Non-Executive chairman is not classed as independent having been the founder of the company and previously Chief Executive.

The CSR Committee comprises of an Executive Director from each region and is chaired by Penny McLagan a Non-Executive director from the board. The Committee meets on a monthly basis with the aim of ensuring that Computershare's CSR initiatives are achieving their objectives.

8.4 Profiles of the Interview Participants

The interview participants from Computershare come from a variety of positions which range from senior to mid level management and comprise of the Director of Corporate Communications, Company Secretary and the Head of Corporate Actions.

Lucy Newcombe (LN) is the Director of Corporate Communications at Computershare and has overall responsibility for CSR activity within the group. Lucy joined Computershare as Marketing Director in 2005 and in 2010 took on her present role. Lucy holds a Bachelor of Art (Honours) in Broadcast Journalism and Law, Media and trained as a Journalist at the British Broadcasting Corporation (BBC). Lucy is based in the Hong Kong Office and participated in one 60 minute telephone interview.

Jonathan Dolbear (JD) is the Company Secretary of Computershare Investor Services plc. Jonathan is an Associate of the Chartered Institute of Secretaries and Administrators and holds a Masters Degree in Business Law. Jonathan has responsibility for the regulatory compliance of all Computershare UK companies, advising on the implications of the Companies Act 2006 and internal governance structures. Jonathan is also a Non Executive Director on The Community Matters Partnership. Jonathan participated in one 60 minute telephone interview.

Gary Ball (GB) is Head of Corporate Actions for Computershare. Gary has worked for Computershare for approximately twenty years. Gary is a member of Computershare's Global CSR Committee. Gary participated in one 60 minute interview.

8.5 Commitment to CSR

'We are committed to engaging all of our stakeholders to effect positive change that improves the quality and sustainability of our environment, workplace, community and marketplace'.

- Computershare (2010)

Computershare have a clear definition of what they believe CSR to be, that is 'conducting business ethically and transparently and in ways that produce social, environmental and economic benefits for communities around the world' (Computershare, 2011f). The company believe that their long-term future success depends upon continuously improving their reputation, enhancing employee morale, finding new revenue streams and cutting costs. As a result of this, they claim to pay particular attention to the demands and concerns of their various stakeholders, while respecting and working to improve the communities and environment in which they operate. This is coupled with a commitment to ensure that transparency and ethics are at the heart of their operations. In

an effort to demonstrate both of these points the company has committed to a number of sustainable and practical initiatives that are designed to make a positive and lasting contribution to the industries it serves and the community in general (Computershare, 2011d).

Computershare have structured their CSR strategy around the four key themes of

- 1) Environment
- 2) Community
- 3) Corporate Governance
- 4) Workplace

Each of the interview participants acknowledged that CSR was a topic not readily associated with the business of investor services but admitted that the global nature of the company and its continued expansion necessitated the development of a CSR strategy. GB commented that in his opinion CSR was 'not relevant' to Computershare at the moment due to the nature of the business however he anticipated that this would change in the future and this is why Computershare has invested in its development. This opinion was in direct contravention with LN and JD who both stressed the immediate importance of CSR to the business and the need to be seen as a 'good global corporate citizen'. LN stated that CSR activity has been growing steadily throughout most areas of the group for the last five years. LN further stated that whilst there is a group-wide commitment to CSR, strategies are currently developed at a regional level to varying degrees of commitment.

LN explained that a formal commitment to CSR was made by the main board in 2004 but it has taken a long time for the approach to evolve to its present form. JD agreed with this statement and commented that this evolution has been notably quicker in recent years. LN stated that the further development and structure of the company's approach to CSR has been pushed to the forefront of her agenda for 2014.

8.6 Towards Stakeholder Governance

As Computershare is a public company it is the most likely of the case studies to base its approach to corporate governance on that of shareholder value. However, the continued development of Computershare's CSR policies is representative of an increased focus on stakeholder accountability. JD asserts that this represents a shift from 'the old way of doing things' and might be seen as unusual in their industry however he believes it is necessary given their position as the global market leader. JD further explained that the consideration of stakeholders has become especially important due to the rapid and continued expansion of the group into global territories,

he stated that the board recognised their responsibilities in this respect which has so far been reflected in their direction.

LN made reference to senior members of the board as being instrumental in the setting up and development of CSR in previous years and specifically highlighted their recognition of the importance of all stakeholders to the success of the company. LN explained that although shareholder value was of prime importance to Computershare given their position on the ASX, the board appreciate the role of stakeholders in achieving this profit and the expectation for the company to be a good corporate citizen.

As Computershare is a publically traded company and listed on the ASX, it is subject to the 'Corporate Governance Principles and Recommendations' (2007, 2nd Edition) as set out by the ASX Corporate Governance Council. These principles and recommendations are subject to the 'if not, why not?' or the 'comply or explain' approach seen in other Anglo Saxon regions and require companies to:

'To make ethical and responsible decisions, companies should not only comply with their legal obligations, but should also consider the reasonable expectations of their stakeholders including: shareholders, employees, customers, suppliers, creditors, consumers and the broader community in which they operate. It is a matter for the board to consider and assess what is appropriate in each company's circumstances. It is important for companies to demonstrate their commitment to appropriate corporate practices and decision making'.

- ASX Corporate Governance Council (2007, p.21)

The codes and principles recommend the following actions be undertaken to demonstrate the reasonable consideration of stakeholder expectations:

- Clarify the standards of ethical behaviour required of the board, senior executives and all employees and encourage the observance of those standards.
- Comply with their legal obligations and have regard to the reasonable expectations of their stakeholders.
- Publish the policy concerning the issue of board and employee trading in company securities and in associated products, including products which operate to limit the economic risk of those securities.

- ASX Corporate Governance Council (2007, p.21)

JD in his role as Company Secretary is confident that Computershare adequately consider the role of their stakeholders in the decision making process and notes the increasing prominence of stakeholder governance where decisions are not entirely based on Earnings Per Share.

8.7 CSR Terminology

A review of CSR related literature in Computershare reveals references to both Corporate Social Responsibility and Corporate Responsibility. The most prevalent of these is CSR with references to CR decreasing over the course of this research. LN confirmed that there had been some debate within the group as to which label was most appropriate but a decision had been made to use the term CSR to describe all related activity. The reason for this being that it was proposed that CSR is the most recognisable term in the field of stakeholder governance. Both JD and GB agreed with this statement and LN confirmed that CSR would remain the label of choice for the foreseeable future.

8.8 Creating a Culture of CSR

It has been six years since the decision to formalise CSR in Computershare and there remains a mixed opinion amongst the interviewees as to how successful the approach has been during this time. LN, who is responsible for the overseeing of CSR activity at group level claimed to be happy with the general level of progress but is currently planning to re-evaluate the groups approach. Both JD and GB were in agreement that in general terms the company's approach to CSR was adequate however JD expressed his concern over a lack of detail in some CSR communications whilst GB highlighted employee engagement with CSR programmes as an area he would like to see developed further.

LN admitted that in the context of a global group culture CSR is far stronger in areas such as the UK, Australia and America as opposed to areas Russia and Hong Kong where CSR is almost non-existent in their regional operations. LN explained that in areas such as Russia and Hong Kong there has historically been little cultural expectation for CSR in their business and so has found internal stakeholders to be unreceptive to its development. LN further explained that she anticipates a change in attitude over the long term in these areas as Computershare hope to develop a group-wide minimum standard for CSR.

GB claimed that through his role as a member of the Global CSR Committee he encounters a variety of attitudes towards CSR and states these are not necessarily associated with different regions. He gave the example of UK employees as being particularly diverse in that whilst the majority were in favour of CSR in theory there was a widespread 'reticence to becoming engaged

in CSR activity'. GB attributes much of this to employees not associating the investment industry with the need for any type of CSR and stated that 'it is often even a struggle to get employees to use the correct recycling bins'. JD is adamant that CSR should be seen as integral to the long term sustainability of the business and while the company is currently impressive by industry standards there 'is more to do'.

CSR at Computershare is led from the top and there is currently little expectation from both internal and external stakeholders for a comprehensive CSR effort on the company's behalf. However this may not remain the case as LN claimed that they are starting to receive occasional requests for a demonstration of commitment to CSR from potential clients. It is for this reason that Computershare intend on building on their current CSR successes and develop a robust CSR structure that both engages stakeholders and addresses their concerns.

8.8.1 Findings of the Survey of Operational Employees in Relation to their Familiarity with CSR

The findings of section one of the Survey of Operational Employees indicate that Computershare will need to increase their efforts in familiarising their operational staff with their CSR efforts as 44% of respondents claim to have no familiarity with CSR activity and just 4% claiming to be very familiar.

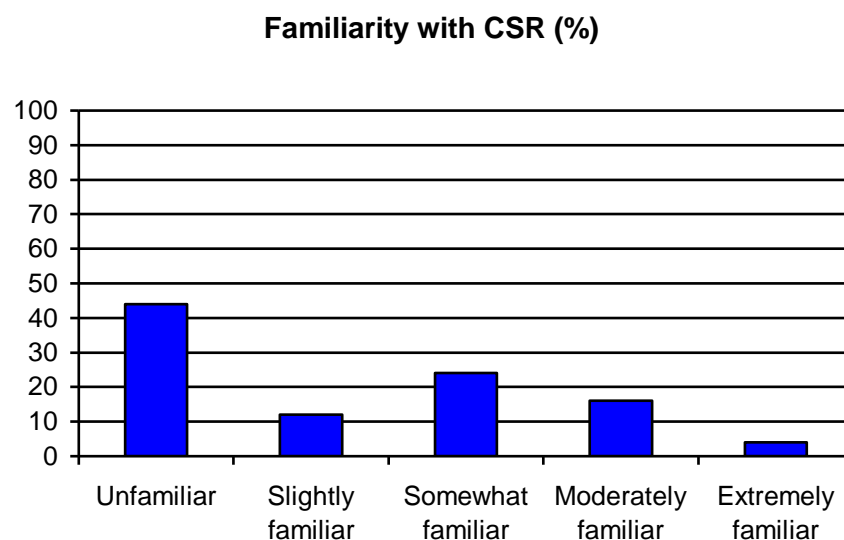


Figure 8.1 Operational Employees in relation to their familiarity with CSR

It is apparent from the interviews that Computershare embedding CSR into the culture of the company is proving difficult and from the surveys that this remains the case. The central reason for this is the perception of CSR being almost irrelevant to the company's operations. LN claims that future CSR activities will be more closely aligned with the business of Computershare in the

hope of raising awareness amongst employees as to the benefits of CSR to the company. She claims that a combination of recent product developments such as the Carbon Neutral AGM and the rebranding of the company's approach to CSR as 'addressing the demands and concerns of our various stakeholders' (Computershare, 2012a) will do much to achieve this.

8.9 Creating Value through CSR

'Computershare is committed to conducting business in ways that produce social, environmental and economic benefits for communities around the world'.

- Computershare Annual Report (2012, p.15)

Computershare integrate CSR with value creation to varying degrees of success. Analysis of their corporate literature, most notably in the area of products and services reveals a clear focus on minimising the environmental impact of their offerings. It is stated on p.17 of the 2012 Annual Report that the company offers 'sustainable communication solutions, delivered across a wide range of our businesses, help clients identify and implement lower cost and more environmentally friendly communication strategies for their key stakeholder groups such as security holders, customers, employees and members'. LN explained that investor services has traditionally been a paper based business and it was through technologies that have been developed and supported by Computershare that the company has been able to significantly lower its environmental impact whilst also reducing running costs. The integration of environmental concerns into the development of their products represents a significant opportunity for Computershare to create value through CSR and represents the company's most successful foray into value creation through CSR to date.

The increase in stakeholder focus has also helped the company create value through CSR in other areas, LN explained that the array of community initiatives and the provision of opportunity for employee involvement in these benefits the company through promoting teamwork and increasing morale. LN also cites community engagement by the company as creating reputational value. Reputational value is an area which all three interviewees cited as being a primary benefactor of the employment of CSR. GB claimed that while it is important that the company engage in CSR there are limits to the internal value it can create as they face 'a continuous battle with engaging staff'. JD referred to the long term value that CSR will create in that it will contribute to the sustainability of the business and noted that this is reflected in the environmental considerations in the design of new products and services.

8.10 CSR Leadership and Management

Computershare employs a two tier governance structure to direct their CSR approach. This structure consists of two committees, the Executive CSR Committee and the Global CSR Committee. The Executive CSR Committee is a director level committee which focuses on high level CSR strategy and meets on a monthly basis. The Committee is headed by Penny MacLagan, a non-executive member of the main board and also the 'Senior CSR Champion' (LN) of Computershare's CSR programmes. The Global CSR Committee consists of regional representatives that range from operational to director level, this committee meets on a quarterly basis to discuss regional initiatives and highlight successes and concerns. LN in her capacity of overseeing CSR strategy and activity sits on both committees.

LN confirmed that the current governance structure appears to be working well and the regularity of the meetings ensure that CSR remains firmly on the company's agenda. GB stated that the current structure demonstrates high level commitment to CSR, a commitment that JD cites as being necessary to further developing current approaches. LN stated that it was the general agreement amongst the board that the company were 'doing a robust job' in their CSR efforts.

8.10.1 Findings of the Survey of Operational Employees in Relation to CSR Leadership

The findings of section two of the Survey of Operational Employees indicate a general appreciation that the responsibility for CSR lies with everybody with 66% of respondents believing this to be the case. Whereas this does contravene earlier assertions from GB and LN in relation employee engagement and creating a CSR culture it does demonstrate that employees understand that they have a role to play in future CSR efforts.

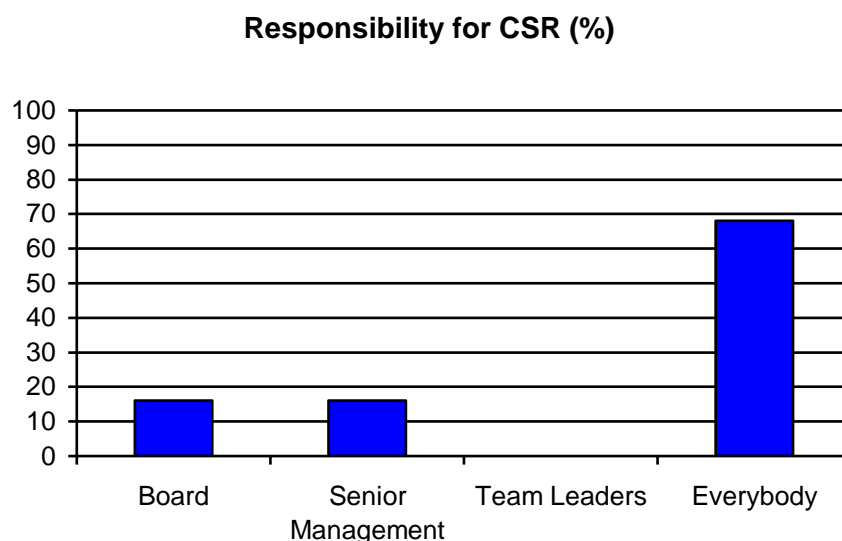


Figure 8.2 Operational Employees in relation to CSR Leadership

8.11 The Influence of Section 172 CA 2006

As Computershare is headquartered in Melbourne, Australia the parent company is not subject to S.172. However, Computershare does have a large operation in the UK, all of which comes under Computershare Investor Services plc which is a UK registered company and so subject to the Companies Act requirements on Directors Duties. JD stated that 'directors were fastidious in their compliance with statutory requirements on Directors Duties and this compliance is implicit throughout the minutes of Computershare companies'. JD did admit that neither he nor the directors had yet considered the implications of section 172 in relation to CSR however he stated that given the company's ongoing investment in CSR 'the company would be unlikely to fall foul of S.172'. LN also admitted that S.172 had not been considered on her part in the development of CSR strategy although she did state that as her involvement was from a group level and not solely UK related she would be 'more likely to be bound by equivalent laws in Australia'.

8.12 Motivation for CSR

Computershare's CSR strategies have been until recently developed almost entirely as a result of board direction. LN specified two particular members of the board as being primarily responsible for ensuring CSR is part of group strategy. These are the CEO, Stuart Crosby who champions both community engagement and diversity in the workplace and Penny MacLagan who champions the environment. Each of the respondents believe CSR to be necessary to protecting the company's reputation

LN explained that aside from recent requests from potential client for information on group CSR policy there has been very little in the way of stakeholder demand for CSR and it has been driven by senior level people from within the group who believe that a company with a global presence such as Computershare should be seen as a 'responsible corporate citizen'. LN confirmed that managing the reputation of the company was of primary importance to her (being the Director of Communications) and that an effective CSR policy is critical to her success in this respect.

When posed with the question whether Computershare agreed with the assertion that motivation for CSR could include factors such as attracting and retaining staff, increased public relations opportunities and the possibility of cost savings through green initiatives, the interviewees were in general agreement that this was the case. However, LN stated that she did not believe that CSR played any role in the attraction and retention of staff and claimed that in her participation in over 500 interviews for the company she had yet to be asked about the company's CSR policy.

8.12.1 Findings of the Survey of Operational Employees in Relation to the Motivation for CSR

Analysis of section three of the Survey of Operational Employees shows Community Relations and Customer Loyalty as being perceived equally as the primary motivators of CSR in Computershare. Further analysis reveals a relatively even spread of opinion across the categories in terms of agreement with Employee Motivation receiving the lowest level of agreement.

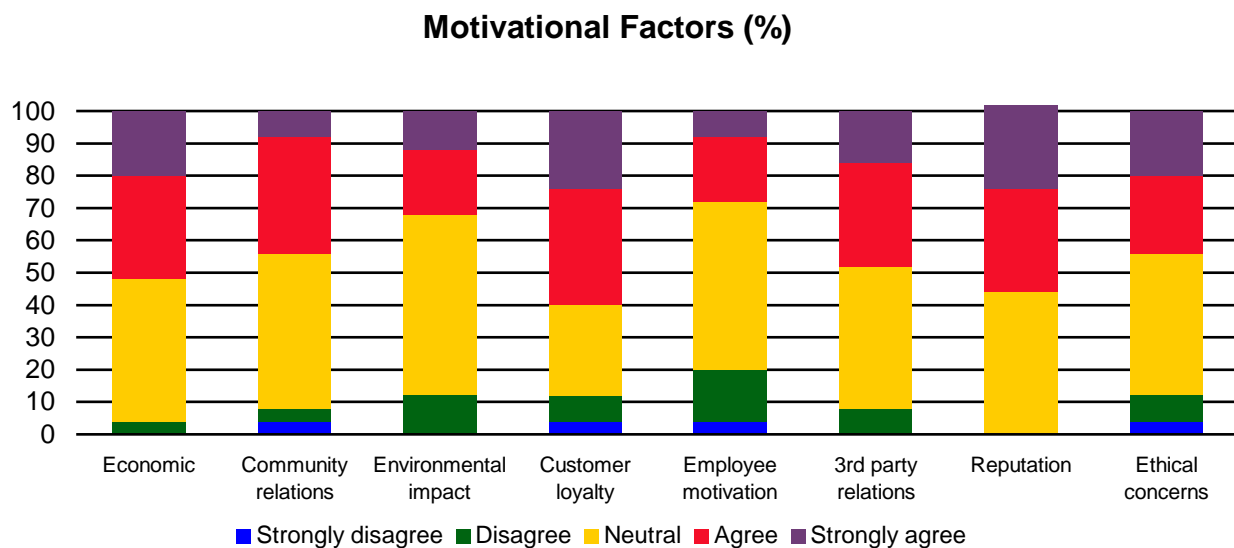


Figure 8.3 Operational Employees in Relation to the Motivation for CSR

8.13 Defining Stakeholder Involvement in the Initial Stages

As CSR at Computershare is not the result of stakeholder pressure, there has been minimal stakeholder involvement in the initial stages of their formal strategy. LN confirmed that the development of the current strategy was a result of in-house planning with no input from external stakeholders or dedicated CSR consultants. LN explained that there was also little involvement of internal stakeholders at the early stages however this has changed in time with the evolution of their CSR programmes and there are now regular opinion polls taken throughout the group to gain an insight as to how staff perceive the current approach and how they feel it could be improved. LN also confirmed that they are now welcoming external input into their CSR programmes and are actively seeking input from clients, NGOs and existing partnerships.

8.14 Developing CSR Aims and Objectives

The central aim of Computershare's CSR activity is to ensure the company is viewed as a responsible corporate citizen. The company claim to 'pay particular attention to the demands and

concerns of our various stakeholders, while respecting and working to improve the communities and environment in which we operate' (Computershare, 2012). In keeping with this Computershare has identified four areas of focus as being the environment, the community, corporate governance and the workplace. Computershare currently have general aims for each of these areas which are listed below.

The Environment

To improve and measure environmental impact through office-based initiatives carried out by building management teams globally and addressing the social and environmental impacts of core products and services.

The Community

To foster a focus on sustainability by investing in projects that provide long-term solutions to the communities and commit to community engagement through volunteer and fundraising programs based in areas local to the business.

Corporate Governance

Continue commitment to a transparent, accountable approach to business across all areas.

The Workplace

To provide a positive and engaging work environment.

LN confirmed that a more comprehensive set of aims and objectives will be developed in 2014.

8.15 Identification of CSR Focus Areas

The formalisation of CSR at Computershare began with the identification of above themes that the company deemed most relevant to the nature of the business and being fundamentally the only real areas of focus for a company operating in the Investor Services Industry. The following details activities taken by the company in each of the areas.

8.15.1 Environment

The nature of Computershare's core operations mean that it has a relatively low environmental impact when compared to more 'invasive' industries. The main sources of their environmental impact emanate from travel, energy and consumables (including paper, water consumption and waste management). The continued global expansion of Computershare means they now operate in many offices around the world. Each of these offices draw on the environment through energy

(heating, cooling, lighting, computers, equipment, etc), resource consumption (paper, stationery, etc), water usage, travel and waste generation. The company has stated that they are dedicated to producing a range of initiatives that measure their ecological footprint and provide meaningful strategies for reducing or offsetting their impact. In doing so they have put together a set of principles and practices to help them achieve their goals as set out below:

- Comply with all relevant laws and regulations and, where possible, play a significant role in managing and reducing environmental risks associated with our business.
- Work closely with our employees, suppliers, clients, and the community to develop and implement positive environmental initiatives.
- Continue to develop work practices and new technologies to reduce the impact and waste of resources and energy used.
- Reduce print and mail practices and introduce paperless e-solutions, including self-service initiatives and automated transaction processing.
- Examine any new opportunities to develop products and services that may help address or reduce adverse environmental changes.
- Ensure their environmental performance is reported on in an open and transparent way.
- Ensure their employees are aware of environmental initiatives in their day-to-day business activities and actively support awareness and training programs to encourage an environmentally sound workplace.
- Encourage and welcome open dialogue and communicate actively with relevant stakeholders, employees, contractors, suppliers, clients and the community.
- Develop a monitoring program to assess their environmental performance and communicate their progress in achieving environmental management targets through our annual report and website.

- Computershare (2011d)

These principles and practices provide the basis for an 'operational impact' measurement framework which has seen Computershare measure their operational impact based on all of these factors to create a baseline against which they have established guiding principles for the implementation of environmental management systems and processes. However these principles are still only used as a guide and there is no explicit formal measurement framework in place. This may happen in the future but for now the guiding principles are expected to be enforced by the management of each locality. The company also asserts that the implementation of the environmental strategies of this policy is a shared responsibility with their stakeholders and so will require the continued support of their shareholders, employees, suppliers, customers and joint venturers if these objectives are to be met.

Computershare has made a specific commitment to minimise its global carbon footprint through the 'application of the most effective global environmental standards' (Computershare, 2012). This might be better described as company based standards that have met with approval and recognition in the various areas of operation. Whilst there is no explicit environmental guidance that is enforced on a group-wide basis, Computershare have detailed initiatives they are currently using to help achieve their objectives. These initiatives are listed below with a brief description of how they are to be achieved.

- Electricity and gas usage/reduction – This is achieved through educating staff in energy saving measures in relation to everyday undertakings, such as the efficient use of electronic equipment and buildings facilities (i.e. switching off computer screens and the buildings lights when not in use). Computershare also aim to ensure building energy efficiencies are identified and new technologies are incorporated in the refurbishment of new facilities.
- Paper usage/Green paper alternatives - Historically, the nature of Computershare's main business the securities business has used produced a high degree of paperwork. The company's continuous investment in technology has resulted in much of their business moving to an online platform and a marked reduction in the use of paper, printed stock and postage. All offices use recyclable paper for all office printing and make use of paper recycling bins. All printer toner cartridges used in the business are recycled; the proceeds of these recycled cartridges are donated to charity. Where the need for paper remains Computershare has provided a 'Green Paper' alternative to customers who can choose paper and envelope stocks sourced from accredited plantation forests or 100% recycled material.
- Computershare has demonstrated its commitment to the environment by developing its 'eTree' project which gives an environmental incentive to security holders of Australian companies to elect to receive securityholder communications electronically. For every security holder that registers with eTree, a donation of up to \$1 is made by participating organisations to Landcare Australia to help pay for reforestation projects. Following the initial success in the Australian market, the eTree program now operates in the United Kingdom, North America, Canada and South Africa, with Computershare partnering a local environmental organisation in each region (Australia; Landcare Australia, North America; America Forests, Canada; Tree Canada Foundation, South Africa; Food and Trees for Africa). Since the inception of eTree in 2004 nearly two million trees have been planted and over 850,000 security holders have been converted to e-communications.

- Computershare (2012)

One of the most interesting environmental initiatives currently being developed by Computershare is that of the Carbon Neutral AGM. Computershare is undertaking a feasibility study for the calculation of emissions produced by a standard listed or public company AGM. This includes the transport of attendees and staff, power consumption at the event and the paper and energy consumption utilised in the production and processing of proxy forms. These emissions will then be offset to provide a carbon neutral AGM. The findings from this initiative will help Computershare understand how to reduce future energy consumption by AGMs across their global operations.

Computershare have also established a pilot program which eliminates the need for forms to be sent in the new 'Securityholder Pack', through this they encourage security holders to complete all requirements online. This initiative has so far resulted in 1.86 million subscribers to their online portal and so shows the success of their investments in technology and success of their environmental strategy.

Overall the range of initiatives are designed to replace or complement traditional elements of the investor lifecycle and include:

- Reducing printing and mailing.
- Cost-effective, paperless e-solutions, including self-service initiatives.
- Automated transaction processing.
- Community and employee education of paperless alternatives.

The success of the environmental approach also brings with it the benefit of positive public relations and recognition thus enhancing the reputation of the brand. So far Computershare have earned the following accolades for their environmental policy:

Environmental Awards Environmental Merit Award – April 2007

Selected by the US Environmental Protection Agency (EPA)

Winner of a United Nations World Environment Day Award - June 2005

Category - Best Specific Environmental Initiative

Finalist in Banksia Environmental Foundation Awards - June 2005

Category - Leadership in Financial Services and Sustainability

ETERNE Award – February 2005

Presented by the Tree Canada Foundation, for the eTree program, this award is given to corporations whose sponsorship of Tree Canada exemplifies the very best in environmental stewardship.

Australian Teleservices Association (ATA) National Teleservices Centre of the Year Award – 2005

The commitment to reducing the company's environmental impact was noted when judges commented that it was the only call centre they had assessed where a completely paperless environment worked well. Computershare promotes this as a benchmark for the industry as a whole.

Diamond Level Plaque at National Landcare Awards – September 2004

The success of eTree was recognised on 1st September 2004 at the National Landcare Awards, held at Parliament House in Canberra, where the then CEO Chris Morris was presented with a plaque of appreciation from Landcare Australia, in recognition of the fundraising efforts of the eTree program.

The benefits of Computershare's efforts to minimise their impact on the environment are felt by a variety of their stakeholders including the environment, customers, business partners and the business itself. The environmental strategy enables the company to be more cost effective and efficient whilst their continuous investment in technologies also give a competitive edge. Computershare appear to be very successful in their approach to minimising their environmental impact. This is evident from their policies and recognition. However the enforcement of these policies is localised meaning that not all areas of operations reach the same standards. This is especially evident in areas such as the Channel Islands and Russia where there is little expectation of environmental performance which has resulted in little (if any) environmental consideration. It is suggested that this localised approach reveals a weakness in the group environmental policy by highlighting inequalities in environmental expectations.

8.15.1.1 Findings of the Survey of Operational Employees in Relation to Environmental Impact

Section four of the Operational Employee Survey sought opinion on the importance, commitment and communication of Computershare's approach to the environmental aspect of their CSR activities. Analysis of this section of the survey indicates a high level of appreciation for the importance of environmental considerations, the company's commitment to environmental focus and to a lesser extent how this commitment is communicated throughout the group. The modal value of the distribution for the first two of these sections is placed in the 'strongly agree' category

with 56% and 52% respectively whilst the modal value for communication is placed in the 'agree' category which accounts for 40% of responses.

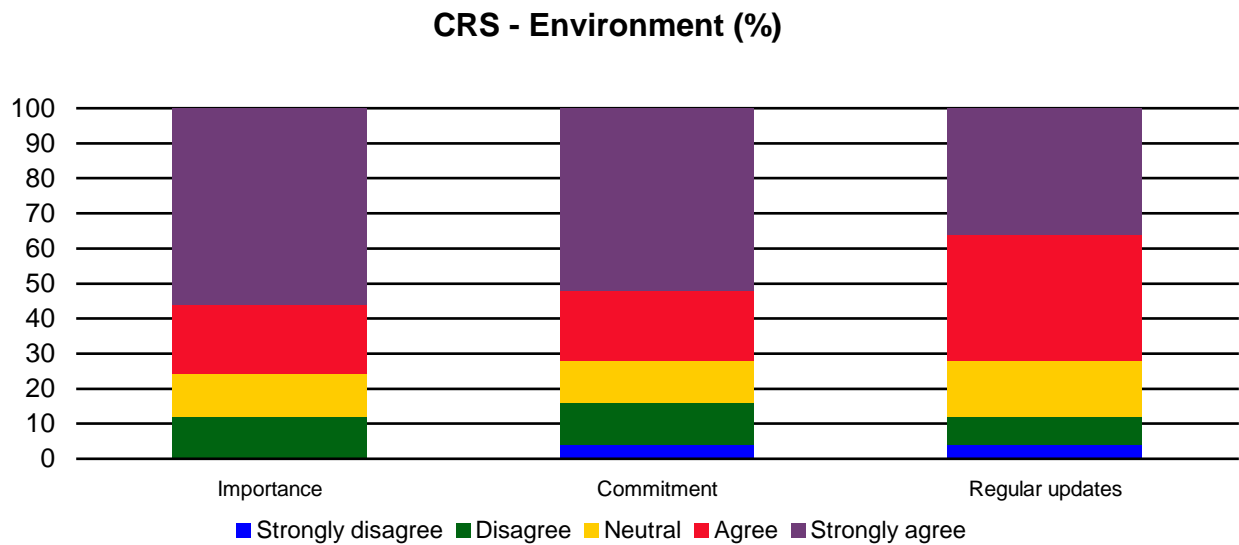


Figure 8.4 Operational Employees in relation to Environmental Impact

8.15.2 Community

'Computershare recognises that as a global company with over 10,000 employees, we can utilise our significant reach to create positive outcomes for communities around the world'.

- Computershare (2011f)

Computershare's global status as a global company means that it has operations in communities all over the world. Part of the company's overall CSR strategy is to become a valued member of these communities and in doing so have pledged to design a number of sustainable and practical initiatives that will make a 'positive and lasting contribution to the industries it serves and the community in general' (Computershare, 2011f). There is also an aim to encourage employees to become actively involved in their local communities whether it be as individuals or as teams. The company is committed to community engagement through volunteer and fundraising programs based in areas local to the business and has demonstrated its commitment by matching all employee payroll contributions.

This commitment is evidenced in their UK head office where there are a number of individual employees attend local schools on their lunch breaks to help teach children to read and as teams where they have organised 'litter picks' in neglected areas near their offices. The company supports these efforts with paid leave for volunteering and flexible working arrangements.

Computershare supports various local charitable programs in each region of their operations, examples of these include:

- Australia: The company has a long running relationship with the Red Cross Blood Bank which was recognised when Computershare received the 'Constant Dedication to Saving Lives in Victoria' award for its consistent and valuable efforts.
- EMEA: In the UK, Computershare actively supports 'Business in the Community', which engages employees in their community through volunteering. In South Africa there are regular fundraising drives for local organisations such as Ray of Hope Nursery.
- North America: Employees are encouraged to take paid volunteering leave and continue to support local charities through fundraising efforts.

- Computershare (2011f)

The goal for Computershare's community programs is summed up on the Community section of their website as 'helping to effect change'. LN explains that community work is an increasingly important focus area for future CSR activity whilst JD who is a Non-Executive Director for The Community Matters Partnership (not connected to Computershare) argued the importance of increasing community focus in the CSR strategy.

8.15.2.1 Findings of the Survey of Operational Employees in Relation to Community Engagement

Analysis of section five of the Survey of Operational Employees indicates a high level of appreciation for the importance of community engagement and the company's current commitment to community activities and the internal communication of community focused CSR activity. The modal value of the distribution for each of these sections is placed in the 'strongly agree' category with 48%, 40% and 36% respectively which demonstrates a degree of success in current strategy.

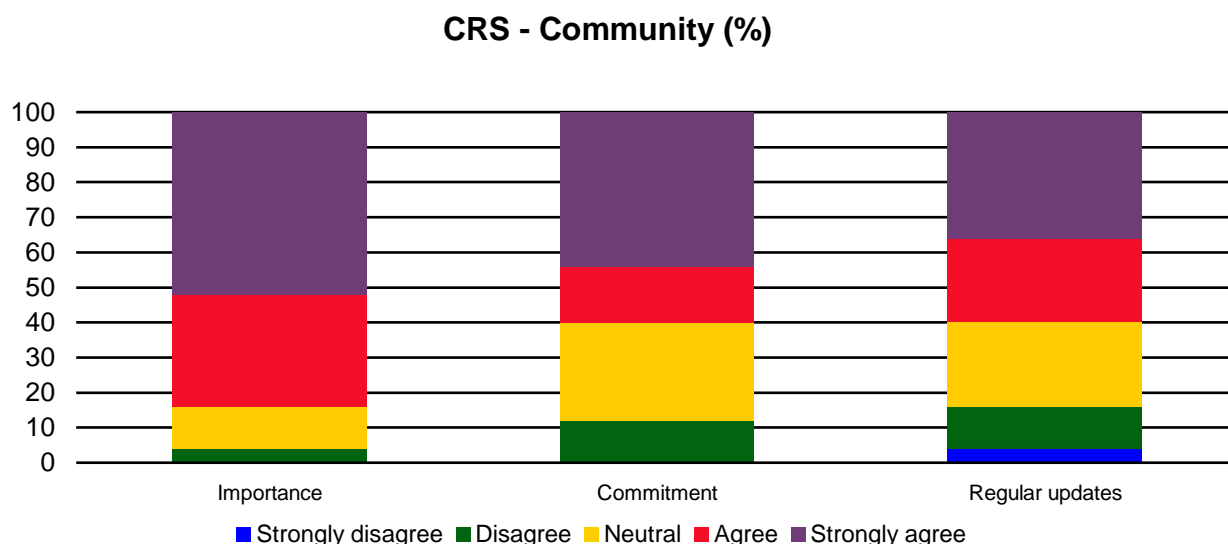


Figure 8.5 Operational Employees in Relation to Community Engagement

Whilst there is a general consensus between survey respondents and interviewees that Computershare is committed to community engagement there is a belief amongst the interviewees that more needs to be done in this area. However, the development of community programmes that align with the business strategy of the company may prove difficult due to the nature of the business therefore a more traditional philanthropic approach may be preferred where the company donate skills, time and money to general community projects rather attempting to align these efforts with strategic goals.

8.15.3 Corporate Governance

Computershare specifically identify their corporate governance as forming part of their CSR practice and have committed to ensuring a transparent and accountable approach to all areas of their business. It is stated in the group corporate governance statement (2011) that the principle responsibility of the board is to ‘ensure the long term prosperity of the group’. The following are governance expectations placed on the board:

- Overseeing the Group and its global operations.
- Appointing and removing, where appropriate, the senior executives of the Group.
- Setting the strategic direction of the Group and providing strategic advice to management.
- Providing input into and approving the corporate strategy and performance objectives developed by management.
- Reviewing and ratifying systems of governance, risk management and internal compliance and control, as well as codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place.

- Approving budgets and monitoring progress against those budgets and establishing and reporting on financial and non-financial key performance indicators.
- Ensuring executive remuneration is appropriate and consistent with guidance provided by the Board's Remuneration Committee.

The composition of the board is enshrined in the company's constitution and ensures that:

- The minimum number of directors is three and the maximum number of directors is ten.
- At each annual general meeting, at least two directors must retire from office. Re-appointment is not automatic. If retiring directors wish to continue to hold office they must submit themselves for re-election by Computershare's shareholders.
- No director (other than the Managing Director) may be in office for longer than three years without facing re-election.

- Computershare (2011g)

The expectation in Computershare is for directors and employees to observe the highest standards of corporate governance. To encourage this, clearly defined principles and standards are communicated to all officers and employees of the company with which they are expected to comply in the performance of their respective functions. These standards recognise obligations, both legal and beyond that the company has to what they have defined as 'legitimate stakeholders'. The standards are displayed on the company website and include a Diversity Policy, Code of Ethics, Market Disclosure Policy, Risk Management Policy, Shareholder Communication Policy and a Whistleblower Policy. The website also displays charters which relate to the Board, Remuneration, Nomination, Risk and Audit Committees.

Despite a corporate governance related lawsuit involving the theft of \$43 million shares from its Russian offices (Sydney Morning Herald, 2011) the company's comprehensive governance framework has been for the most part successful. JD attributes this success to the regularity of corporate governance audits throughout the group.

8.15.4 The Workplace

The fourth element of Computershare's approach to CSR is the workplace and how the company treats its employees. The company makes the rather obvious declaration that describes their employees as being 'instrumental' to the long term sustainability of the company and as a result employee retention is a priority. This has resulted in Computershare seeking to provide a positive and engaging work environment which supports staff training and well being.

To achieve this objective Computershare actively engages its employees using methods such as reward and recognition programs and employee engagement surveys which are used to measure and encourage employee satisfaction. These are combined with a suite of policies which include:

- Diversity - Computershare's philosophy on diversity is practical – it simply makes good business sense to leverage the diverse skills and talents of the nearly 11,000 strong global workforce regardless of their gender, age, race, origin, ethnicity, cultural background, disability, sexual orientation and religious beliefs (Computershare, 2011h).
- Flexible Working Arrangements - Flexible working initiatives are supported by management and where appropriate made available to employees to achieve improved business outcomes and support work/life balance (Computershare, 2011h).
- Whistleblower and Whistleblower Protection - This process allows employees to report alleged improper conduct without fear of retribution and is an integral component of Computershare's zero tolerance for inappropriate workplace behavior, which may include harassment, illegal acts, cheating, unsafe working conditions, etc. The aim of this policy is to maintain an atmosphere of mutual workplace respect and proper business behavior which Computershare deem vital to the integrity and success of the organisation (Computershare, 2008).

Policies such as these are increasingly common in companies (Iwata, 2007 and Tansey and Kelleher, 2008) around the world and whilst Computershare recognise that the policies listed above have the potential to attract and retain staff, they claim that there has so far been no evidence that CSR as a whole has played any significant part in their recruitment process. This assertion directly challenges the commonly held idea that CSR plays a vital role in attracting and retaining staff (Bhattacharya *et al.*, 2008) and is an area that will be further discussed in the next chapter.

8.15.4.1 Findings of the Survey of Operational Employees in Relation to CSR in the Workplace

Section six of the Operation Employee Survey sought opinion on the importance, commitment and communication of CSR activity focused on the workplace. Analysis of this section indicates the majority of respondents view the workplace as an important area of focus for CSR with the modal value of distribution showing the majority (52%) of respondents agreeing with this assertion. However, analysis of the sections relating to commitment and communication of CSR activity

shows the modal value of distribution to be neutral for both which indicates that operational employees perceive current efforts in these areas to require improvement.

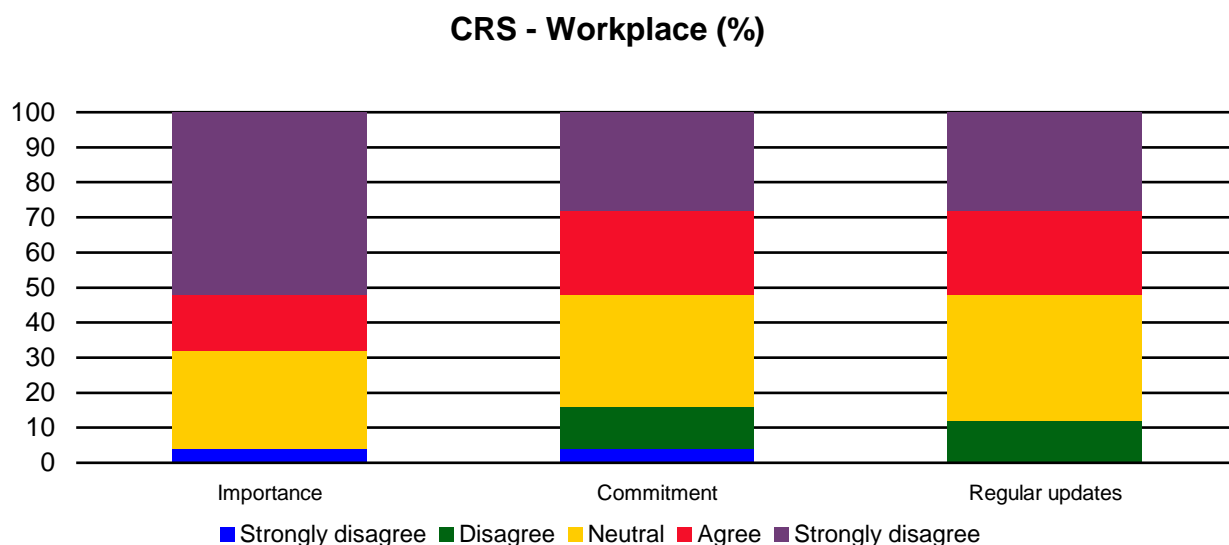


Figure 8.6 Operational Employees in Relation to CSR in the Workplace

8.16 Approach to CSR

Whilst Computershare's approach to CSR includes the areas of community, corporate governance and the workplace, it is the area of environment that is emerging as the key focus area. Out of the three case studies Computershare are the most limited in their potential for positive impact on certain stakeholder groups. LN confirmed that the increase in focus on the environment will continue as it presents a fertile ground for the company to align business and CSR successes.

8.16.1 Partnerships

Computershare operates a number of partnerships through its Charitable Trust 'Computershare Cares' which help provide sustainable futures for communities living in poverty. Through the use of these partnerships Computershare can ensure that funds raised by the company are directed to areas where they are needed most. Partnerships that are currently active are those with:

World Vision Australia

Computershare currently works in partnership with World Vision on projects in Kenya, Chad and Ethiopia.

Kenya:

Computershare contributes funding the development of three Community Learning Centres in rural Kenya which provide practical health related information to disadvantaged communities.

Computershare also contributes funding for the Mtito Andei Food Security Project which aims to 'improve the Mtito Andei's community's food security status and build their resilience to external shocks' by providing:

- 150 acres of land irrigated for sustainable food production.
- Increased agricultural production of diversified and nutritious crops.
- Improved community capacity on disaster risk reduction and environmental management.

Chad:

Computershare contributes funding to World Vision for the implementation of a farmer managed natural regeneration (FMNR) project in Chad. This project has been designed to provide alternative sources of food and income which have previously been significantly reduced by drought and famine.

Ethiopia:

Computershare contributes funding to World Vision Australia's trachoma prevention and control programs across Ethiopia which is a leading cause of child blindness across the region.

Australia Cambodia Foundation

Computershare currently contributes funding to the Australia Cambodia Foundation in the development of 'Sunrise Children's Villages' which provide education, accommodation and healthcare to over 200 orphaned and vulnerable Cambodian children. In 2009, Computershare pledged US\$500,000 and a five-year commitment to fund operating expenses for the third centre.

CARE Australia

Computershare contributes funding to CARE Australia for their work on the 'Highland Children's Education Project' which has established community schools in six remote ethnic minority communities in Cambodia for children that have limited access to education.

Computershare is also currently contributing to the funding of CARE projects in the regions of Khua and Sampham in Laos which are designed to reduce food insecurity by aiding the construction of infrastructure such as irrigation and drainage channels with the aim of reducing the impact of natural disasters.

The Come-Share Project

Computershare provides funding and materials to assist in the education of underprivileged children primarily based in Colombo, Sri Lanka.

The projects that Computershare contribute to are recommended through the Regional CSR Committee. LN confirmed that this committee actively seeks recommendations from employees as to which charities and projects they would like to see Computershare contribute to.

8.16.2 Charitable Foundation

Apart from supporting local charities the company also operates its own community giving scheme called Change a Life. This charitable initiative focuses on sustainability by investing in projects that provide long-term solutions to the communities involved. Change a Life was established in 2005 and aims to unite employees in a desire to fund projects that address poverty and empower communities to effect long-term change. The initiative is currently supporting a mobile eye care clinic in Ethiopia, a farmer managed natural regeneration project in Chad, a community development project in Laos, an educational program in Sri Lanka and the construction of the Sunrise Children's Village in Cambodia.

Change a Life is funded by a combination of employee donations, directors donations, shareholders donating their dividends and employees becoming involved in fundraising activities which include; bike tours, walking events, raffles, cake stalls, marathon running and various other initiatives organised through the business. Computershare extends its support for the initiative by matching all employee payroll contributions globally and has so far raised in excess of AUD\$3m (Change a Life, 2011).

Some examples of initiatives from Computershare's Head Office in Melbourne Australia that have channelled funds into Change a Life include:

- Employees raising AUD\$700,000 for the Computershare Tsunami Appeal for global charitable organisation CARE International with funds being directed towards some of the worst hit areas in Sri Lanka.
- The license fee received from Topdek café (in house canteen) was channelled into the Change a Life initiative, which totals an AU\$39,000 a year.
- Annual Reports from 2005 and onwards have been shortened, which not only cuts costs but also provided a substantial paper reduction. This saved AU\$50,000 which was then donated to Change a Life.

- Change a Life (2011)

8.17 Communication

LN confirmed that there are now regular in-house group-wide communications covering CSR activity. Computershare have taken a collaborative approach to these communications in that updates are regularly sent from directors giving their personal views and congratulating successes as well as being sent from focused CSR sources such as the regional CSR committee and LN herself. LN confirmed that she finds a combination of e-mail and intranet to be the most engaging where an initial email is sent with a brief update along with a link to the CSR section of the intranet which displays greater detail. Both JD and GB concur with their preference for electronic communications as being the most beneficial to CSR activity. LN also claimed that there was an increasing use of 'electronic notice boards' throughout the group which apart from being environmentally friendly also provide an interactive source of information on CSR activity.

8.17.1 Findings of the Survey of Operational Employees in Relation to CSR Communications

Section seven of the Operation Employee Survey sought opinion on the effectiveness of existing channels of CSR Communication. Analysis of this section shows a clear acknowledgement of the effectiveness of e-mail and intranet/internet in communicating the progress of CSR activity which concurs with the interviewee's assertions to that effect.

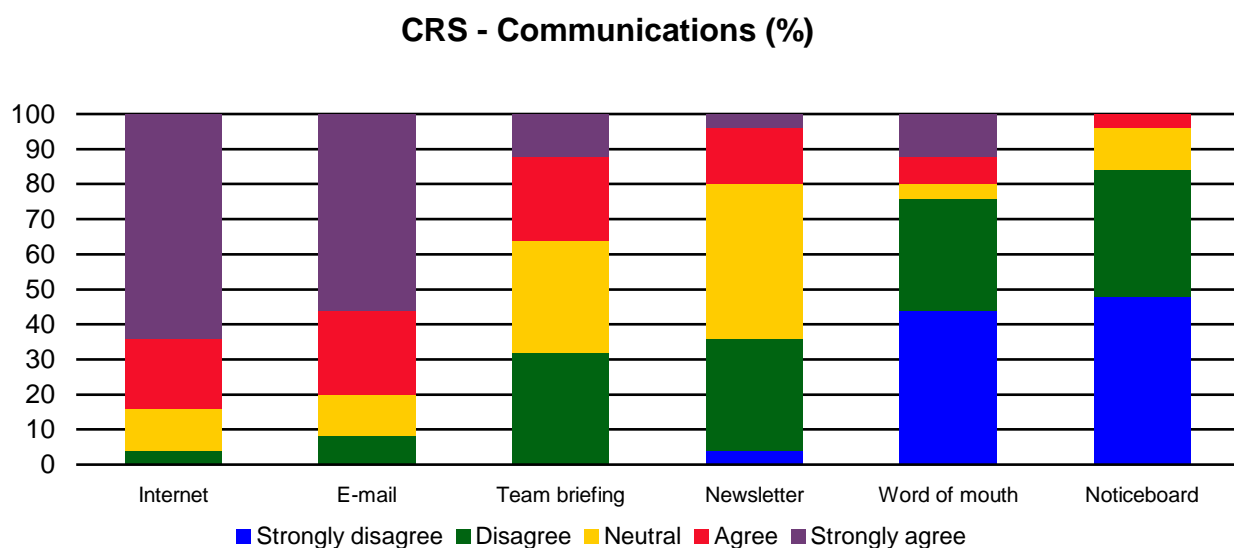


Figure 8.7 Operational Employees in Relation to CSR Communications

In relation to the external CSR communication LN confirmed that whilst there is currently a solid foundation through a section in the Annual Report and corporate website, other channels such as social media are being developed to communicate CSR updates. LN explained that there are no plans for the publication of a dedicated CSR report as it is felt that their website is sufficiently reporting on their current level of activity.

8.17.2 S.417 CA 2006

LN confirmed that whilst no specific consideration had been given to S.417 CA 2006 she is (upon review) confident that Computershare's current reporting is compliant with its requirements.

8.18 Stakeholder Feedback

Each of the interviewees claimed that there was very little stakeholder influence on the decision to engage in CSR and the primary motivating factors were reputation management and competitive advantage. They also confirmed that the initial stages of design and development of CSR strategy was undertaken solely on an internal basis with no stakeholder consultation. LN claimed that this is no longer the case and there is now a considerable effort in surveying the opinion of employees with the regular circulation of surveys on various aspects of CSR activity as well as requests for feedback from team meetings. On an external basis, feedback is not yet formally sought but remains forthcoming from community and environmental groups with whom Computershare is involved. LN also confirmed that feedback from existing clients to date has been satisfactory as has feedback from potential clients.

In relation to official channels for feedback on CSR, LN explained that although feedback was not yet formally sought from the general public it can be communicated to the Group through standard communications contact details or by way of social media where Computershare has a notable presence on LinkedIn.

8.18.1 Findings of the Survey of Operational Employees in Relation to Stakeholder feedback

Sections eight and nine of the Operational Employee survey assessed the both perception of the importance of both external and internal feedback and asked if the participant had ever provided feedback in relation to CSR.

Section eight sought opinion on the importance of external feedback to CSR programmes to which analysis evenly placed the modal value of distribution over the agree and strongly agree options for external feedback whilst the modal value for the importance of internal feedback showed the majority (48%) 'agreeing'.

rational Employees in relation to Stakeholder Feedback

Section nine asked respondents to confirm whether they had personally provided feedback on their companies CSR activities to which 20% answered yes while 80% answered no.

Analysis of the survey in respect to feedback highlights an inconsistency between the respondent's expectation on feedback and the actual opportunities to provide this. LN previously stated that that there are regular opportunities for employee feedback which suffer from a lack of support.

8.19 Measurement and Verification of CSR Performance

At present Computershare do not employ formal general CSR measurement. This is not to say that there is no measurement of elements of their CSR strategy as LN confirmed that the company is now in the final stages of developing an Environmental Measurement System which is anticipated to be launched in 2013. This internal measuring system has been designed to streamline the capturing and monitoring of environmental data such as gas, electricity and water usage as well as waste management across forty Computershare sites around the world. This data will then be used to manage and reduce the company's carbon footprint.

As Computershare are a listed company they are obliged to comply with listing requirements of the ASX and compile an annual report on their compliance. LN confirmed there are also plans in place to complete the GRI in the near future but anticipated this would not be until 2014 at the earliest.

8.20 Opportunities for Improvement

LN stated that Computershare's CSR activity is considered by the board to be successful. The board recognises its importance to the long term success of the company and are keen to expand on existing strategy which would include a closer alignment of CSR with Computershare's products and services. JD stated that in his role as company secretary he would like to see more detail of activity and achievement and an overall increase in transparency in CSR Reporting. GB again cited employee engagement as being a key area of opportunity for the future stating that the group 'should push hard' in their future efforts in this respect.

The 2011 Annual Report outlines a general intention as to where the company sees opportunity to enhance sustainability for both Computershare and their clients in the delivery of services that contribute to sustainable objectives and states on p.15 that 'Computershare continues to develop a range of services that assist clients to achieve their own sustainability objectives. In this way, we not only make a direct sustainability contribution ourselves, we help other organisations to do so as well'.

Whereas each of the interviewees had conflicting opinions in some areas of approach there was a general agreement that Computershare is making significant progress in their overall CSR strategy and each was confident that this would continue.

Section ten of the Operational Employee survey queried the extent to which respondents viewed CSR as being important to the long term success of the company. The modal value of distribution shows an acknowledgement of this being the case however 28% of respondents view CSR as being peripheral whilst 16% viewed it as being unimportant.

8.21 Conclusion

The current Computershare approach mixes the older style of philanthropic CSR with innovative initiatives that demonstrate a clear alignment of social and business goals. The company's approach is at the forefront of CSR in their industry and there are now many products within the corporate repertoire that are marketed on the basis of their contribution to the environment and society. Computershare differs from the both Bupa and Clifford Chance in that the primary focus of their CSR is on the environment rather than community. Although their CSR strategy has been subject to positive feedback there is a general feeling from the interview and survey respondents that there is more work to be done.

Computershare's comprehensive CSR strategy represents another clear example of the importance placed on CSR in a knowledge intensive services sector. The development of this strategy has seen significant investment in both time and financial and its success to date ensures its relevance as a contributor to the development of the guidance framework.

Chapter Nine - Comparative Analysis

9.1 Introduction

This chapter has been developed to bring together key insights and issues from the three case studies with the objective of drawing general conclusions on CSR as it currently exists in the knowledge intensive services sector. The empirical data that provides for this cross case analysis is drawn from the separate databases that facilitated the within case analyses. At this stage the unit of analysis is that of the organisations which are now compared and contrasted to provide further insight into the relationships as they exist among the cases (Ragin, 1997).

The previous three chapters investigated individual cases to provide a high level of familiarity on a within case basis and this foundation now allows for the acceleration of the cross case comparison as per the recommendations of Eisenhardt (1989). What follows is a comparative discussion which provides for a broader understanding of CSR in the knowledge intensive services sector. The comparison pushes the study beyond that of the first impressions formed from the individual cases and towards generalisation (Miles and Huberman, 1994). To facilitate this, data sets will now be compared across a variety of headings so as to enhance the reliability and accuracy of the emergent theory (Eisenhardt, 1989).

The analysis begins with a discussion focusing on the applicability of the case studies as they relate to the research question. This is followed by a comparative discussion of the cases which focuses on key themes as they emerged from the interview process. The chapter concludes with a summary of the findings.

9.2 Summary of Findings from the Case Studies

9.2.1 Case Study A (Bupa)

During the course of the research Bupa employed a number of CSR strategies each designed as an attempt to align business and social goals. An example of this can be seen in their recent collaboration with the International Diabetes Federation (IDF) for the production of a report into the connections between type 2 diabetes and climate change. Of the three case studies, Bupa has appeared to struggle the most with making CSR work for them and at the early stages of the research seemed the more likely of the three to require a guidance framework. That said it can be argued that their current strategy is now the most progressive of the three due to the company's intention of a complete integration of the Well World initiative across their businesses.

Whilst it can be argued that Bupa's historic CSR efforts may have been the stimuli for change in the company, the renewed commitment to CSR demonstrates a long term shift in governance focus towards that of the stakeholder. This was confirmed by NTB when he stated that it was 'Bupa's ambition to become a more inclusive business'. This commitment is reinforced by the financial investment and development of infrastructure which combine to facilitate a progressive CSR strategy. Therefore it is the opinion of the researcher that the bespoke approach to Bupa's current CSR strategy along with their integrative nature and ambitious targets allow for a significant contribution to the development of the CSR framework.

9.2.3 Case Study B (Clifford Chance LLP)

Over the course of the research Clifford Chance operated the most consistent approach to CSR of the three case studies. This benefited from a clearly defined strategy from the outset and continues to evolve at a steady pace. It was revealed in the interview process that, so far, the firm has encountered very little in the way of failure in their CSR initiatives, which is testament to the foresight of their strategy. Of the three cases, Clifford Chance's approach demonstrates the most focus on stakeholder engagement. The firm also employs the most transparent reporting of the three with comprehensive progress reports communicated in their annual CSR reports.

It was apparent from the interviews that the firm is relying on its CSR strategy to aid the achievement of the firm becoming 'both the leader of the emerging elite group of international law firms and to be regarded as one of the world's leading professional services organisations' (Clifford Chance, 2013). This is evidenced by their commitment to the 'Access to Justice', 'Access to Finance' and 'Access to Education' programmes which they believe will play a role in Clifford Chance becoming the 'law firm whose corporate responsibility activities are most closely aligned with the way it does business' (ibid).

The CSR strategy employed by Clifford Chance is a clear example of the value placed on stakeholder consideration in the knowledge intensive services sector and how engagement can benefit both parties. It is therefore the opinion of the researcher that the comprehensive nature of Clifford Chance's approach to CSR and its success to date through the programmes such as those mentioned above can ensure a significant contribution to the development of the CSR framework. This contribution will be particularly significant in terms of structure and how Clifford Chance has developed their CSR programmes so as to align business and social goals and achieve competitive advantage.

9.2.3 Case Study C (Computershare)

Of the three case studies, Computershare provided the most fragmented opinion amongst the interviewees. The nature of the company's business means that it is somewhat limited by comparison in relation to its potential for positive stakeholder impact. While the other two cases can align their business and community activities Computershare have opted for a more philanthropic approach. However, the increasing focus on environmental impact in their product development demonstrates a potential for the increased alignment of business and social goals, which is something the company is keen to pursue.

Analysis of the interviews and the surveys suggest difficulty in embedding CSR into the corporate culture of Computershare. This is something that is currently being addressed on a group-wide basis and will be a focal point of the CSR re-structure in 2014. Despite the cultural indifference to CSR in some of the countries of their operations and the perceived limitations for positive stakeholder impact, Computershare have remained proactive in their CSR activity and continually strive to improve their CSR programmes.

It is the opinion of the researcher that Computershare's overall approach can make a significant contribution to the development of the framework. Particular areas of contribution include their comprehensive CSR and corporate governance policies, philanthropic strategy and alignment of business and environmental goals which has resulted in the development of products which have been marketed on their potential for minimising environmental impact.

9.3 Recognition of Responsibility

'Corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. It is about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs'.

- European Commission (2006)

In 2006 the European Commission commissioned a study which focused on 'Citizens and Governance in a Knowledge Based Society'. The report, entitled 'RESPONSE: Understanding and Responding to Social Demands on Corporate Responsibility' found that only 15% of managers viewed their company as a global corporate citizen (p.77). A further report published by PwC in 2010 entitled 'CSR trends 3' shows 81% of respondents now reporting on CSR thus demonstrating a significant increase in the recognition of responsibility that is owed to stakeholder. This

recognition is evident throughout each of the case studies all of whom have placed considerable focus on CSR engagement in recent years.

Throughout the analysis of both qualitative and quantitative data there is a consistency of opinion across all levels of the corporate structures which places CSR as being necessary to the long term success of each case study. This can be seen in the responses to the operational surveys and from comments such as those from NTB from Bupa who described Bupa's Well World programme as being the company's 'strategy for the future' and TD's assertion that CSR was a 'duty' for Clifford Chance and both JD and LN's belief that Computershare needs to be seen as a 'good global corporate citizen'. The results of the analysis in this respect are in agreement with a growing body of literature and demonstrate an understanding of the importance of CSR that goes beyond the boardroom and is understood to be the responsibility of all involved. This is something that was particularly apparent in Bupa's efforts to place ownership of CSR into the hands of all their employees.

Each of the interviewees, whether speaking in a personal and normative sense or in their capacity as a CSR representative for their companies understood the need for their companies to be a good corporate citizen and the need to address stakeholder concerns. There was little indication of any skepticism towards their organisation's investment in CSR with each believing it to be for the benefit of all stakeholders including the business as evidenced by the following statements:

'Well World is our strategy for the future' - NTB, Bupa

'We have a duty to consider our stakeholders' - TD, Clifford Chance

'We need to be seen as a good corporate citizen' - JD, Computershare

9.4 Leadership and Governance

'The quality of relationships that a company has with its employees and other key stakeholders—such as customers, investors, suppliers, public and governmental officials, activists, and communities—is crucial to its success, as is its ability to respond to competitive conditions and corporate social responsibility. These major transformations require national and global companies to approach their business in terms of sustainable development, and both individual and organisational leadership plays a major role in this change'.

- D'Amato et al. (2009, p.1)

Each of the three companies are successful on a global scale with each growing at a significant and sustainable rate over the last decade. This is testament to the quality of leadership in each, as is the decision to formalise the governance of CSR in each case through the setting up of dedicated CSR Executive Committees which have been tasked with directing CSR strategies and developing and maintaining robust CSR programmes.

The interviews revealed CSR as being internally driven on a 'top down' basis in all cases which demonstrates proactivity and an appreciation of the value of stakeholder consideration. Each case identified senior board members as CSR Champions, each of whom actively engaged in CSR activity both at a group level and on a personal basis. All of the interviewees expressed a confidence thus far in their respective board's ability to direct productive CSR strategies in the long term and this has so far been the case for each of the case studies.

Each of the case studies differ in their CSR governance structure in terms of committees and their type and number. However, what is common is the use of executive level CSR committees which guide CSR at the highest level and are responsible for their successes to date.

9.5 CSR Terminology

The 'CSR terminology debate' as referred to in chapter two proved to be just as contentious in the knowledge intensive services sector as it has been in other sectors of industry. Each of the three case studies has chosen different labels to describe their approach to social responsibility with Clifford Chance opting for CR, Computershare CSR and Bupa the bespoke term of Well World

The interviews revealed the choice of term by both Clifford Chance and Computershare to be the result of a preference for a recognisable term to describe their respective approaches albeit with Clifford Chance preferring to omit 'social' due to the firms belief that their responsibilities extend beyond that of being purely social. Bupa's decision to choose the Well World moniker was in part to signify their bespoke approach whilst also providing a unique marketing point which differentiated them from competitors.

Whilst labels are intended to be instructive, the current offerings in relation to CSR tend to be interchangeable and often do little to distinguish chosen approaches. The confusion created by changeable terminology was especially evident in Bupa where it deterred, for a time, the development of strategy.

During the interview process it became apparent that despite the differing labels in each case, 'CSR' was still the de facto term in conversation due to its continued use by the (vast) majority of interviewees and frequency of appearance in the subsequent analysis of the interview transcripts.

9.6 Ethical Motivation(s) for CSR

Conventional approaches to CSR subscribe to the following three key ethical approaches; utilitarian ethics: where CSR is used a tool to provide competitive advantage, negative duty: where companies engage in CSR to conform to stakeholder expectations and positive duty: where companies take a proactive approach to engage in CSR even when there is no expectation from society (Maigan and Ralston, 2002). The motivation for CSR is often distinguished by the normative case, from which motivation arises from the desire to do good and the business case which is based on the notion of enlightened self-interest (Smith, 2003). The normative obligations of stakeholder consideration as imposed by the 'social contract' borrow heavily from the works of Thomas Hobbes, John Locke and Jean-Jacques Rousseau (Palmer, 2001) whilst the business case is often the result of the correlation between CSR and economic performance (Tsoutsoura, 2004) and/or the management of corporate reputation (Testa, 2008). The correlation with economic performance was more prominent in Computershare as evidenced by their environmentally friendly products such as the paperless AGM, whereas Bupa and Clifford Chance were more concerned with the management of their reputations.

Comparative analysis of the research data suggests that the knowledge intensive services sector primarily identifies with 'positive duty' albeit with an element of utilitarianism. This observation is based on the initial responses from interviewees when questioned on motivation where the initial answers were all based on the desire to do good. However, as the interviews progressed it became apparent that the desire for competitive advantage also featured heavily in the motivation which to a certain extent overshadowed the claims of ethical motivation. This was certainly apparent with Clifford Chance who are striving to become 'both the leader of the emerging elite group of international law firms and to be regarded as one of the world's leading professional services organisations' (Clifford Chance, 2013). This led to the suggestion by the researcher that a coupling of both forms of ethics as used by the cases could be best described as that of enlightened shareholder value, a suggestion that met with agreement from each of the respondents.

9.7 CSR Focus Areas

In terms of focus areas the cross case comparison revealed both the community and the environment to receive the most significant focus.

Of these two areas, both Bupa and Clifford Chance place their primary focus on that of the community. This is primarily due to the potential for impact as arising from the nature of their businesses. The interviewees from each case recognised that minimal environmental impact meant primary efforts would be best served by utilising their areas of expertise for the benefit of communities. Computershare shared a similar sentiment, albeit with their focus on environment due to their limited ability to utilise their area of expertise for the benefit of the community and the potential of their products and services to positively impact the environment.

The choice of community for Clifford Chance has resulted in considerable success in their related endeavours with their community engagement programmes gaining considerable recognition within the legal industry and throughout industry in general. This success and recognition has been thus far reflected through numerous media articles (Aldridge, 2009, Korngold, 2009) and awards such as 'CSR Project of the Year' at the 2008 British Legal Awards and the 'Most Dedicated Company Supporter Award' for its work with Private Equity Foundation (PEF) in 2010.

Although Bupa has a history of community engagement, their current strategy is in a state of infancy and so measuring success would prove difficult. However, if their ambitious targets are met it will represent a significant achievement in CSR terms and demonstrate on a larger scale the potential for positive impact that minimally invasive organisations can have.

Computershare have achieved considerable success with their environmentally focused initiatives to the point where they have now integrated the environmental benefits of their products and services into their marketing strategy as seen for their Carbon Neutral AGMs and Electronic Securityholder Pack. At first glance the company can be perceived as the least likely of three cases to be able to positively impact through CSR, however their approach so far has met with approval from their stakeholders and recognition through receipt of the awards listed in chapter eight.

On a general level the comparison finds supplementary efforts to include a focus on corporate governance, the workplace and philanthropy. However, the prominence of community and the environment as the key focus areas is characteristic of the knowledge intensive services sector and so reflected in the development of the CSR Framework.

9.8 The Role of the Stakeholder

The management of stakeholder relationships is an important area for global companies and mismanagement can result in stakeholders engaging organisations 'in the court of public opinion'

(Kytte and Ruggie, 2005). Therefore it is important for businesses to realise that the release of a statement of CSR intentions effectively signals a social contract/promise regarding future behaviour (Moir, 2001).

The findings of the comparative analysis show a general acknowledgement for stakeholder engagement in the development process. However, in each of the three cases this involvement was limited to the later stages. The general opinion was that management were most suited to deciding on the initial stages of CSR development with stakeholder involvement growing as development progressed.

The comparative analysis shows a similar level of involvement in each of the three cases where management essentially define what CSR means to their business and set the objectives. Internal opinion is then sought as the strategy develops and it is only in the 'live' stages of CSR activity when external stakeholders can potentially have any real level of involvement.

Of the three cases Clifford Chance demonstrated the highest levels of stakeholder involvement in the CSR process. This is due primarily to their mature strategy and confidence in its development, which has enabled them to actively engage stakeholders and include their input in further developments. Both Bupa and Computershare intend on having a similar level of involvement in the future, but only after they are completely confident in their approaches.

9.9 CSR Reporting

'Transparency about the sustainability of organisational activities is of interest to a diverse range of stakeholders, including businesses, employees, nongovernmental organisations, investors, accountants, and others'.

- KPMG *et al.* (2012, p.10)

Corporate reporting has traditionally focused on the financial performance of companies however there is now an increasing demand for companies to provide alternative forms of reporting to help put financial performance in context and ascertain the long term sustainability of the company. Reporting on CSR activity is necessary to the management and integrity of stakeholder management as it can 'build trust by sharing successes, challenges, risks, opportunities and strategic vision with consumers, employees, communities and investors' (CBSR, 2012). The introduction of Section 417 CA 2006 now makes it a statutory requirement in the UK.

According to Corporate Register (2011) CSR reporting has increased significantly over the last decade to the point where they received over 5,500 reports in 2011 (up from approximately 800 in

2001). These reports can take many forms but there is an increasing commitment to the Global Reporting Initiative (GRI) which since its inception in 1999 has become the preferred method reporting system for CSR activity (Brown, *et al.*, 2007). The GRI is a network based NGO which promotes sustainability and Environmental, Social and Governance (ESG) reporting. Their reporting framework which incorporates the ISO 260000 'G3 Guidelines', sets out principles and indicators by which businesses can use to measure and report their economic, environmental, and social performance (GRI, 2011). The GRI is the most widely used CSR reporting framework in the world and sets the benchmark for CSR reporting and measurement.

While all of the cases subscribed to the relevance of this framework, none thought it appropriate to formally report on their CSR activity as per its requirements at this stage. Both Clifford Chance and Computershare have future intentions of utilising the framework while Bupa have chosen to develop their own reporting framework.

None of the cases made specific reference to section 419 CA 2006 which requires 'a fair review of the company's business' and 'a description of the principal risks and uncertainties facing the company'. But all were confident of compliance through their current reporting policies.

The interviews revealed a mixed response in relation to the validity of current approaches to reporting. Clifford Chance, who employ the most comprehensive reporting of the three are confident that their reporting is both relevant and transparent and provides a clear indication of the progress being made. Bupa's reporting is still in the developmental stages with ambitions to intertwine their CSR efforts with business reporting with no clear separation between the two. Computershare currently include CSR reporting in their Annual Report are looking to completely restructure their reporting with an increased emphasis on data and are considering the possibility of publishing (online) a separate CSR report.

Each of the three cases consider some form of CSR reporting necessary however none as yet has seen fit to validate their reports on CSR activity, nor have they been challenged to do so by their stakeholders. Validation of CSR activity can include 'internal audits, industry reviews, benchmarking, peer reviews, stakeholder surveys and third party audits' (ICCR, 2007). Whilst these are all valid options, both TD from Clifford Chance and LN from Computershare felt that if (and when) they did seek validation the GRI represented the most respected option of doing so.

9.10 S.172 CA 2006

Analysis of responses in relation to the influence of S.172 in developing CSR strategies reveals none of the case studies to have considered the link between the two. Upon discussion of the

implications of S.172 for CSR strategy, the Company Secretaries for both Bupa and Computershare agreed that this is an area that will be further investigated in their respective companies. In the case of Clifford Chance the researcher has since been informed that Clifford Chance, despite not being subject to this section of the companies act, has had their Legal Counsel review their CSR activity in relation to the requirements of S.172 and they are confident that their current CSR activity demonstrates compliance.

9.11 Quantifying the Success of CSR

The benefits of CSR policies can be notoriously difficult to quantify with regard to their impact on stakeholders. This can be easier for listed companies as the price to earnings ratio (p/e ratio) may be used as it can reflect 'belief' in the company which can be partially as a result of a successful CSR strategy (El Ghoul *et al.*, 2010). Computershare is the only listed company among the case studies and it is their opinion that they cannot measure to any extent the impact of their CSR policy and believe that their share price reflects the efficiency of their business and not as a result of their CSR policies. Neither Bupa nor Clifford Chance are public companies and so measure the benefits of CSR through feedback and perception. Bupa has received little feedback from external sources on their current CSR initiative due to its infancy and NTB claims that they 'do not expect to see any effect of the balance sheet for the foreseeable future'.

For Clifford Chance the perception of their CSR policy is positive, they see the benefits to staff development and reputation management with feedback from stakeholders to date being encouraging. One measure of their success can be seen in their winning of CSR awards such as 'Pro Bono Team of the Year' for working with the Asylum Support Appeals Project, a charity that helps asylum seekers secure support (food and accommodation) from the Home Office pending the determination of their applications for refugee status and 'CSR Project of the Year' at the British Legal Awards for the broad range of pro bono activities undertaken in the last year that have been targeted at improving access to finance. Computershare can also refer to their array of awards mainly for their environmental initiatives as a measure of their CSR success (as listed in section 8.15.1).

Of the three case study subjects, Computershare have been so far the only company able to record an obvious financial benefit through savings made by initiatives such as abolishing cheques (which also allowed them to bypass the 'medallion tax' in Ireland) and Carbon Neutral AGM's. That said there was a general acknowledgement that substantial benefits from CSR would only be evident in the long term.

9.12 Comparison of Findings with the Conceptual Framework

The findings of this comparative analysis highlight distinct areas of difference with general conceptual framework present in 3.1. The key differences relate to the following:

Stakeholder Pressure

The general framework proposes both internal and external drivers whereas (to date) CSR in the knowledge intensive services sector has been driven as a result of internal direction. Interviewees confirmed that their respective businesses have thus far received minimal pressure from external stakeholders. However, they fully expected this to change in the coming years.

Principles and Guidelines

The general framework proposes the use of principles and guidelines to guide the CSR process. This is not the case in the case studies where each have confirmed that CSR programmes have been developed by in-house teams in line with business objectives. Principles and guidelines have only been considered during the later stages of the process and have yet to be actually implemented by any of the case studies.

Focus Areas (Development)

The focus areas at the development stage of the conceptual framework are broadly similar to those presented in the design section of the framework for the knowledge intensive services sector.

Focus Areas (Implementation)

The general framework proposes a non exhaustive list of focus areas for the implementation stage some of which have a minimal relevance to the knowledge intensive services sector due to its minimally invasive nature. Key areas that are transferable include: environmental management, employee engagement, community engagement and communication.

Review

Whilst the general framework proposes a variety of review techniques which include third party audit and external reporting frameworks, the case studies have shown a preference for internal review. However, it is anticipated by two of the case study subjects that this might change.

9.13 Conclusion

The importance of CSR to the future of business was highlighted by Noyer (2008, p.1) who commented 'CSR, whose initial objective was accountability, still largely appears to be an evolving

paradigm closely linked to the current transition towards a new economic model'. The immediate future for CSR in each of the case studies differs in that, Clifford Chance will continue their efforts in line with the previous five years approach, Bupa who are still in the early stages of their Well World initiative will be striving to achieve their ambitious objectives and Computershare will be restructuring their CSR approach.

In general terms, the CSR strategies employed by the subjects of these case studies are similar with a focus on community, environment, workplace and governance (to different levels). Each of the companies acknowledge and address the four areas of responsibility as outlined by Carroll (1991) in that each are profitable, obey the law, each have demonstrated ethical and philanthropic activities and each report on CSR initiatives (to varying extents). All of the interviewees acknowledged the potential benefit of CSR to their respective businesses whilst also acknowledging the growing importance of related policies to enhance the prospect of long term sustainability.

The business case for CSR for the knowledge intensive services sector, at the moment, may not be as strong as it is in other sectors however each of the businesses believe that their proactive approaches will put them in good standing for when the business case becomes stronger. At the moment Bupa has the most ambition but the lowest level of reported achievement. They appear to be developing their own bespoke approach to CSR whilst both Clifford Chance and Computershare are potentially falling in line with standards such as GRI which require greater levels of transparency and encourage an industry standard for CSR. It can be argued that CSR is simply the effective governance of a company and like all approaches to governance, transparency must be a key factor.

In summary, based on the findings of the comparative analysis of the cases it is submitted that:

- There is a general acceptance across the cases of their social responsibilities.
- There has been a demonstrable shift in corporate governance focus towards stakeholder accountability in each of the cases.
- In each case CSR is internally driven and on a 'top down' basis.
- There is no preferred term for CSR.
- Engaging in CSR is primarily a result of positive duty but with supplementary Utilitarian motives
- Primary focus areas are the Community and the Environment.
- Supplementary focus areas are Workplace, Corporate Governance and Philanthropy.
- Stakeholder involvement in the initial stages of strategy development is minimal but increases in the later stages.
- None of the cases (currently) fully utilise third party CSR reporting frameworks.

- S.172 CA 2006 has not yet been appropriately considered in relation to CSR.

To conclude this chapter, it is submitted that the comprehensive approaches taken by each of the case studies are conducive to the development of a CSR Guidance Framework. The development of this framework from grounded theory is discussed in the next chapter.

Chapter Ten - Developing the Framework from Grounded Theory

'The ultimate goal is to treat the evidence fairly, to produce compelling analytic conclusions, and to rule out alternative interpretations'.

- Yin (1994, p.103)

10.1 Introduction

This chapter explains the data analysis and refinement process as undertaken by the researcher. The chosen method for this was that of grounded theory and the following is an explanation of the specific approach taken in relation to the development of the guidance framework.

10.2 Grounded Theory

Grounded theory is 'a set of rigorous research procedures leading to the emergence of conceptual categories. These concepts/categories are related to each other as a theoretical explanation of the action(s) that continually resolves the main concern of the participants in a substantive area' (Grounded Theory Institute, 2011).

The originators of grounded theory (Glaser and Strauss, 1967, p.2) defined it as 'the discovery of theory from data'. A more detailed definition describes grounded theory as 'one that is inductively derived from the study of the phenomenon it represents. That is, it is discovered, developed and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon. Therefore, data collection, analysis and theory stand in reciprocal relationship to one another' (Strauss and Corbin, 1990, p.23).

The methodology that informs the following grounded theory analysis draws on the offerings of Glaser and Strauss, (1967); Glaser (1978, 1992, 2002, 2004) and Strauss and Corbin (1990a, 1990b, 1998) and the framework was developed 'inductively from a corpus of data' (Borgatti, 1996). Whilst grounded theory provides rigor and structure to research it also offers an 'open ended approach to discovery' that is free of many of the constraints of 'more forced methodologies' (Andrews *et al.*, 2012). It is a creative research method which allows for immersion in the research field and provides for a closeness to the respondents which enhances the ability to interpret situations and statements (Strauss and Corbin, 1998). It has therefore been identified as the most appropriate form of analysis for the data collected from the semi structured interviews.

Glaser (1978) lists the following as being four features of grounded theory:

- A theory must have fit: A grounded theory is faithful to the everyday realities of a substantive area, i.e. a grounded theory must be carefully induced from diverse data.
- A theory must have relevance: Grounded theory arrives at relevance because it allows core problems and processes to emerge. The grounded theorist must search for and discover the relevance of his or her data.
- A theory must work: A theory should be able to explain what happened, predict what will happen, and interpret what is happening in an area of substantive or formal inquiry.
- A theory must be readily modifiable: The generation is an ever modifying process and nothing is sacred if the analyst is dedicated to giving priority attention to the data.

Two additional features added by Strauss and Corbin (1994, p. 278 - 279) proposed that:

- 'theories are always traceable to the data that gave rise to them - within the interactive context of data collecting and data analysing, in which the analyst is also a crucially significant interactant'.

and

- 'Grounded theories are very fluid... because they embrace the interaction of multiple actors, and because they emphasise temporality and process, they indeed have a striking fluidity. They call for exploration of each new situation to see if they fit, how they might fit, and how they might not fit. They demand an openness of the researcher, based on the 'forever' provisional character of every theory'

The classic approach employs techniques such as coding, constant comparative analysis, theoretical sampling and theoretical saturation to guide the analysis towards the development of theory. These techniques represent the necessary systematic approach to analysis of data which begins once data becomes available (Egan, 2002).

This research employs Strauss and Corbin's (1990) approach to grounded theory which incorporates theoretical sensitivity, theoretical sampling, three stages of coding and constant comparison of the data. Coding was undertaken through the use of matrixes which evolved in time with the continued collection of data. These matrixes aided the organisation of the empirical data into a format that best allowed for drawing conclusions based on the emerging theory as per (Miles and Huberman, 1994; Yin, 1994).

The analysis of data undertaken in this chapter focuses on the data collected through the interviews with each case study. The quantitative data collected through the surveys was intended as a means of triangulating the data collected in the interviews and the general correlation

between the two is evident throughout the preceding case study chapters ensures that it has now served its purpose.

10.3 Prior Knowledge

A common misassumption about grounded theory is the supposed requirement of a researcher to be devoid of prior knowledge of the research question before commencing the research (Suddaby, 2006). The central argument behind this misassumption is based on the premise that grounded theory cannot be inductive if it is influenced by implicit theories that guide the initial stages of the research (Glaser, 1992).

Strauss and Corbin (1990) maintain that 'all kinds of literature can be used before a research study is begun' (p.56) and argue that 'researchers carry into their research the sensitising possibilities of their training, reading, and research experience, as well as explicit theories that might be useful if played against systematically gathered data, in conjunction with theories emerging from analysis of these data' (p.277).

Glaser (1992, p.31) argues that the 'true path' of grounded theory requires researchers to approach their research without a precise research question or issue and insists that 'there is a need not to review any of the literature in the substantive area under study'. Glaser further states that 'this dictum is brought about by the concern to not contaminate, be constrained by, inhibit, stifle or otherwise impede the researcher's effort to generate categories, their properties, and theoretical codes' (ibid.).

Whilst Glaser's argument for grounded theory in its purest form is a valid one, this research takes the view that in this instance a clear research question is both necessary and apparent. To forgo the formal review of existing literature in this research would serve to minimise the potential for the development of framework that has both theoretical and practical implications for the future of CSR.

10.4 Approach to Data Analysis

The analysis of the qualitative data collected in the interviews follows the approach outlined by Charmaz (2002) which requires the:

- 1) Coding of data
- 2) Memo-writing
- 3) Theoretical sampling, saturation and sorting

4) Reconstructing of theory

10.5 Coding

The coding of data is a key feature of grounded theory and 'represents the operations by which data are broken down, conceptualised, and put back together in new ways' (Strauss and Corbin, 1990, p. 57). In qualitative inquiry a code is 'most often a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data' (Saldana, 2009, p.3). The process of coding requires the finding of key words and phrases in documents (such as interview transcripts) and experimenting with meanings (Strauss and Corbin, 1998). The approach to coding used in this research is that espoused by Strauss and Corbin (1990, 1998) which consists of the following three stages:

- 1) Open Coding
- 2) Axial Coding: The creation of subcategories and associating these with 'properties and dimensions' (p.123)
- 3) Selective Coding

- Strauss and Corbin (1990a, 1998)

The following discussion on each of these three coding stages seeks to provide clarity as to their use in this research. However, it must be noted that whilst coding occurs in stages there was significant overlap and so the coding process itself was not as discrete as might appear in this discussion due to the necessary constant comparison and the exploration of topics to saturation.

The preference of the researcher was for that of a manual coding process, thus forgoing the use of computer based tools such as NVivo and/or Atlas. This decision was taken to avoid the 'technological traps' (Glaser, 1998, pp.185/6) that may hinder creativity and lead to unnecessary restrictions on the research process whilst also avoiding a time consuming learning curve.

10.6 Open Coding

Open Coding 'is the interpretive process by which data are broken down analytically' for the purpose of helping the analyst 'gain new insights into the data by breaking through standard ways of thinking about (interpreting) phenomena reflected in the data' (Strauss and Corbin, 1990b, p.423). Douglas (2003, p.49) states that 'the aim of open coding is to begin the unrestricted labelling of all data and to assign representational and conceptual codes to each and every incident highlighted within the data'.

The first stages of this analysis were undertaken using the open coding process. This process was a manual undertaking which involved the initial analysis of interview transcripts through the systematic review and consideration of every comment made by each interviewee with the intention of identifying common themes. The examination of data was undertaken without the application of filters or limitation in scope.

Upon completion of the interviews, transcription began within 24 hours and initial coding within 48 hours. The urgency with which these tasks were undertaken served to ensure a high quality of data from which emergent themes and area of enquiry could be quickly identified. Transcripts were recoded four weeks after the initial coding so as to allow for code-recode reliability (Slagmulder, 1997). Constant comparisons were made with subsequent interviews where the coding of incidents was compared with previous incidents in the same and different groups as per Strauss and Corbin (1990).

Open coding allowed for the comparison and contrast of the phenomena to highlight themes and similarities in the CSR process. Where these were identified, corresponding codes were applied which aided the development of conceptual categories. As the open coding process progressed, a higher order of categories emerged which meant that the clustering of categories necessary in the next stage of the coding process, the axial stage was effectively occurring in parallel with the open coding. Axial coding is the process of re-arranging the categories into relevant paradigms. The open coding the interviews generated a total of 60 initial open categories. Upon review this number was reduced to a total of 21 refined open categories through the merger and refinement of categories on the basis of properties and dimension.

Table 10.1 details the results of the refinement process:

Initial Open Codes	Refined Open Codes
Alignment Business Value Appetite for Change Commitment Corporate Governance CSR Mandate CSR Objectives Integration Leadership Organisational support Purpose Responsibility Social Value Lack of Stakeholder Influence Funding Business Case for CSR Social Case for CSR	Recognition of Responsibility Commitment to CSR Policy Development Governance of CSR Process Alignment of Business and Social Goals
Strategy Development Focus Areas Community Environment Governance Workplace Diversity Stakeholder Mapping Risk Management Assessment of Current initiatives Policy Issue Support Compliance Target Setting Section 172 and other regulation Potential Impact	Gap Analysis Stakeholder Mapping Strategy Development Risk Management Regulatory Compliance Development of Key Performance Indicators
Communication Strategy Stakeholder Engagement CSR Reporting Challenges Infrastructure Competence Philanthropic Internal CSR programmes External CSR programmes Managing Process Training Managing Change Partnerships	Resource Management Communication and Reporting Stakeholder Engagement Partnership Collaborations Philanthropic Activities
Perception (Internal) Review Assessment Assurance Measurement Credibility Transparency Audit Third Party Feedback Reputation Corrective Actions Preventative Actions Accountability	Stakeholder Feedback CSR Measurement Internal Audit Third Party Audit Process Improvement

Table 10.1 Refining the Open Codes

The next section of this chapter relates the 21 open categories on an axial basis.

10.7 Axial Coding

'At this stage, the researcher will construct "mini-theories": postulates about the relationships that might exist within the data and which need to be verified. Although the overall theoretical framework will not be discovered during axial coding, the mini theories can be incorporated into, and form part of, the overall paradigm model that is being developed alongside the research'.

- Cottingham and Hussey (1996, p.166)

In axial coding categories are related to their subcategories and how these relationships are then tested against the data (Strauss and Corbin, 1990b). This also allows for the further development of existing categories. Subcategories answer the questions of 'when, where, why, who, how and with what consequences' around a focal category (Strauss and Corbin, 1998, p. 125) however the constant comparison used in this research ensures that these questions are omnipresent throughout each of three coding stages. The relating of categories to sub categories is undertaken through the 'coding paradigm', the aim of which is to make explicit connections between categories and sub-categories through 'conditions, context, strategies (action/interaction) and consequences' (ibid).

The central purpose of axial coding is 'reassembling data that were fractured during open coding' to 'form more precise and complete explanations about phenomena (Strauss and Corbin, 1998, p.124). Axial coding is essentially a demonstration of how the categories identified in the open stage can be linked and arranged to provide coherency to the overall analysis (Howell, 2000).

Table 10.2 illustrates the relationships as they emerged between the open categories and the axial categories.

Open Categories	Axial Categories
Recognition of Responsibility Commitment to CSR Policy Development Governance of Process Alignment of Business and Social Goals	Define
Gap Analysis Stakeholder Mapping Strategy Development Risk Management Regulatory Compliance Development of Key Performance Indicators	Design
Resource Management Stakeholder Engagement Communication and Reporting Partnership Collaborations Philanthropic Activities	Mobilise
Stakeholder Feedback CSR Measurement Internal Audit Third Party Audit Process improvement	Defend

Table 10.2 Open to Axial Categories

The axial coding process was undertaken using the 'paradigm model', the basic purpose of which is to enable the understanding of the complexity of the relationships which aided the explanation and understanding of the relationships between the categories. Strauss and Corbin (1990) advocate the use of the paradigm model in the axial coding stage and state that 'in axial coding our focus is on specifying a category (phenomenon) in terms of the preconditions that give rise to it; the context (its specific set of properties) in which it is embedded; the action/interactional strategies by which it is handled, managed, carried out; and the consequences of those strategies' (p.97).

The model links sub categories to a category in a set of relations that represent causal conditions. These are:

- 1) *Phenomena* at which the action and interaction in the domain under study are directed.
- 2) *Causal conditions* which lead to the occurrence of these phenomena.
- 3) *Context* of the investigated phenomena.
- 4) *Additional intervening conditions* by which the investigated phenomena are influenced.
- 5) *Action and interactional strategies* the actors use to handle the phenomena.
- 6) *Consequences* of their actions and interactions.

The following section discusses how the sub categories have been linked to the categories outlined above.

10.7.1 Phenomena

A phenomenon 'is the central idea, event, happening, about which a set of actions/interactions is directed at managing or handling ...we identify the phenomenon by asking questions such as: what is the data referring to? What is the action/interaction all about' (Strauss and Corbin 1990b, p.100). The phenomenon in question is that of evolving CSR practices and the interplay of relationships that have combined to drive the development of these practices in the knowledge intensive services sector. The analysis of this phenomenon considered company/firm specific conceptualisations of CSR where differing models and definitions were reviewed and compared. This resulted in a clear understanding of the phenomenon as it exists in the knowledge intensive services sector and its theoretical and practical implications in relation to this research.

The analysis focuses on the expression of CSR in business strategy where despite differences in interpretation of CSR, the emergence of common themes ensured that the necessary generalisation was possible. Key to this was the unpicking of the layers of influence on the phenomenon and the comprehension that the maximisation of profits and improving stakeholder welfare need not be mutually exclusive. Through the use of axial coding the data relating to the phenomenon was reconstructed to illustrate the interplay of relationships that combine to 'Define' the phenomenon of CSR as it exists in the knowledge intensive services sector.

10.7.2 Causal Conditions

Causal conditions refer to events or incidents that have resulted in the occurrence of the phenomenon (Strauss and Corbin, 1990b). As such, the identification of causal conditions necessitates enquiry into influences that resulted in the phenomenon. Causal conditions in each of the cases emerge from both structure and culture and while these may differ between cases, analysis reveals these conditions to be similar across each of the cases.

As with the phenomenon discussed above, causal conditions are heavily linked to the 'Define' category. Two primary causal conditions are that of the desire to 'do good' and the desire to achieve competitive advantage which demonstrates the interplay between ethical, social and business concerns.

Causal conditions also impact on the 'Design' category which combine to create the phenomenon for which strategies are developed. In this sense it can be argued that the strategic element of the 'Design' category is reactive to the interplay between cause and phenomenon.

10.7.3 Context

Context represents a 'particular set of conditions within which the action/interaction strategies are taken to...respond to a specific phenomenon' (Strauss and Corbin, 1990, p. 101). These specific conditions intersect to create the set of circumstances or problems which require a response through actions (Strauss and Corbin, 1998). The context of this research is shaped by the nature of the knowledge intensive services sector where a primary distinctive feature in terms of CSR is the minimal potential for negative impact on the communities and environments in which they operate and the resultant minimal stakeholder pressure (to date) for CSR development.

Internal elements of contextual factors in the knowledge intensive services sector relate primarily to the corporate governance identity of each of the cases where evidence suggests a strong push towards stakeholder focus. External elements of contextual factors are minimal in comparison with other industries in respect of stakeholder pressure however the need for compliance as per S.172 CA 2006 represents the introduction of a significant external influence which requires statutory compliance for two of the cases and compliance by association in the other.

The influence of context is evident in both 'define' and 'design' categories with a notable example of this influence being the heavy focus of CSR efforts on the areas of community and environment whereas focus areas common in other industries (such as health and safety, human rights and supply chain management) are less relevant to the knowledge intensive services sector.

10.7.4 Additional Intervening Conditions

Intervening conditions are 'broader structural context pertaining to a phenomenon' (Strauss and Corbin, 1990b, p.422) which 'act to mitigate or otherwise alter the impact of casual conditions on phenomenon' (Strauss and Corbin, 1998 p.131). Intervening conditions can also be described as obstacles, which in this case would be the presence of elements that hinder the evolution of the CSR process. Whilst much of the evidence suggests that CSR is being embraced in the knowledge intensive services sector, there is one key internal area that can be classified as an obstacle in at least one of the cases and this is the area of employee engagement.

Employee engagement is key to the success of much of the development of CSR however, it was cited a number of times in the Computershare interviews as being problematic insofar as there was a reluctance across operational levels to engage in CSR focused activities.

10.7.5 Action and Interactional Strategies

The nature of action and interactional strategies is such that they are responsive and developed so as to manage a phenomenon (Strauss and Corbin, 1990, p.104). As such these strategies are heavily influenced by causal, intervening and contextual conditions (Strauss and Corbin, 1998). As action and interactional strategies encompass a broad range of areas they can potentially transcend the categories of design, mobilise and enhance. An obvious example would be the gap analysis proposed in the design stage where previous CSR activities are evaluated to determine their relevance to the newly created strategy.

Whilst each of the cases evidenced a CSR history prior to their current incarnations, the approaches taken now are considerably more defined and comprehensive than those employed a decade ago. The upgrading of CSR in each of the cases is a clear example of action and interaction and the stated long term commitment by each case will require this to be a continuous process.

10.7.6 Consequences

Consequences are the outcomes of actions/interactions and can be the result of failures to respond to situations created by actions/interactions (Strauss and Corbin, 1998). As mentioned earlier the adoption of CSR is a result of the desire to do good and to gain competitive advantage, the consequence of the strategies and the degree to which these objectives have been achieved. In general terms it can be argued that a significant consequence is the legitimate claim that CSR now forms a key component of business strategy in the knowledge intensive services sector.

10.8 Summary of the Application of Axial Coding

This research uses axial coding to add precision to the relationships within the phenomenon and the application of coding paradigm. This was undertaken by contextualising the phenomenon 'in terms of the conditions that give rise to it; the context in which it is embedded; the actions/interaction strategies by which it is handled and the consequences of those strategies' (Strauss and Corbin, 1990b, p.91). The results of this stage of the coding as illustrated in Table 10.2 reveals a four stage development process which forms the basis of the proposed framework.

10.9 Selective Coding

Selective coding is the final coding stage within grounded theory. Strauss and Corbin (1990b, p.116) define it as 'the process of selecting the core category, systematically relating it to other

categories, validating those relationships the core category is the central phenomenon around which all the other categories are integrated'. The focus of this stage is on the 'integration and refining of categories' (Strauss and Corbin, 1998, p.43) with view to identifying a central or core category. This core category is the central phenomenon to which all other categories must have a 'valid relationship' (Strauss and Corbin, 1990b, p.116).

Strauss and Corbin (1998) identify the following criteria as being necessary to choosing the central category:

- All other categories can be related to it.
- It must appear frequently in the data.
- The explanation is logical and consistent.
- The phrase which describes it should be sufficiently abstract to be used in other settings.
- The concept should be able to explain variation.

Whilst selective coding is a progression of the axial undertaking it is worth noting that the axial coding categories were developed with the core category in mind thus requiring both inductive and deductive thinking in the process as per Strauss and Corbin (1990 p.131). The process of selective coding differs little from that of axial save for a higher level of abstraction (ibid).

Articulation of the core category was facilitated by the use of memo review and a reflective coding matrix which helped to fully develop the 'properties, processes, dimensions, contexts and modes for understanding' (Howell, 2006, p.108). The interplay of relationships and the emergence of categories in both the open and axial stages were all reflective of the cases striving to achieve legitimacy in their CSR endeavors. Each case recognised the importance of adopting CSR and the potential benefits it could bring if it could be appropriately applied to their respective businesses. This resulted in the development of strategies that aligned the interests of shareholders (or related parties) and stakeholders. These strategies have since been implemented to varying degrees of success. Each of these strategies are subject to continuous review and refinement and each are representative of a significant commitment to CSR in the knowledge intensive services sector. As such the core category has been identified as 'CSR Development for the knowledge intensive services sector'. This core category articulates concisely the answer to the questions posed by the selective coding process 'what is the main analytical idea presented in this research? What does all the action / interaction seem to be about?' (Corbin and Strauss, 1990, p.15).

Figure 10.1 illustrates the link between the sub categories developed in the axial stage with the core category developed in the selective stage

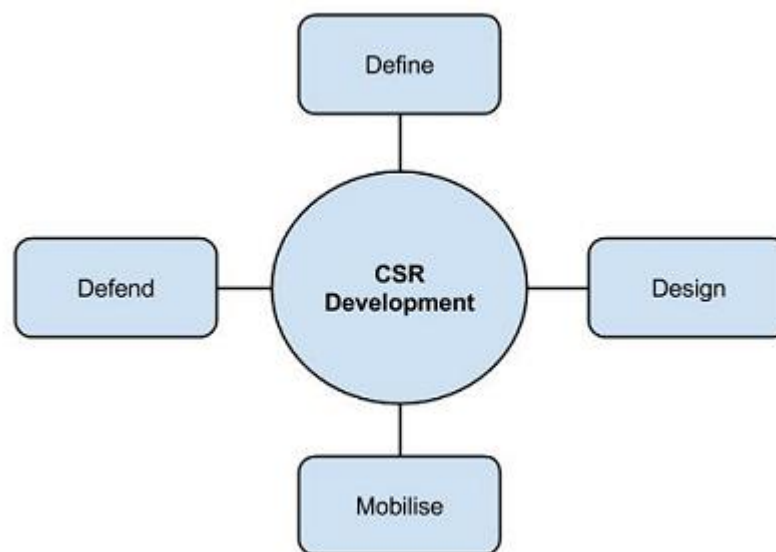


Figure 10.1 Linking Sub Categories to Core Categories

The core category of ‘CSR Development’ has the analytic power to ‘pull the other categories together to form an explanatory whole’ whilst also accounting for the variation with categories (Strauss and Corbin, 1998, p.146). The core category confirms theoretical saturation whereby no new relationships, properties or dimensions emerged during this stage of the analysis.

Grounded theory has provided the researcher with the necessary tools to guide the development of theory from raw data. It provided structure to the analysis and refinement of the raw data and served to greatly enhance the interpretative process. The constant comparison was such that as new data became available the process was able to incorporate into the analytical process and so provide for a theory that was both robust and relevant to the development of a framework.

10.10 Evaluating the Process

The relevance of grounded theory in the development of the framework was such that the figure 10.1 above which relates the axial and selective categories serves as the basis for the proposed guidance framework. The optimal success of each of these categories is dependent on their continued evaluation through constant consultation, communication and monitoring and review of the process. These themes were consistent throughout the coding process having received a high degree of emphasis during the interviews.

Analysis into how the evaluation themes as they relate to each of the categories indicated an element of correlation as displayed in figure 10.2 below.

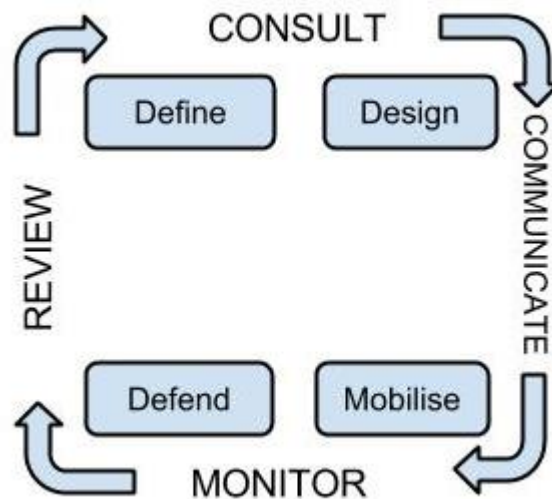


Figure 10.2 The Evaluation Process

Figure 10.2 is the result of the analysis of coding in relation to evaluation categories as they arose throughout the process and whilst it is representative of how evaluation themes relate to categories, it must be noted that this figure was constructed using majority values and that each of the evaluation themes can be constant throughout the process.

10.11 Ensuring the Integrity of the CSR Process

As this entire process is built on a platform of stakeholder governance it is essential that standard governance practices are included and evident in the framework. As such the final additions to the framework are the themes of transparency and accountability, both of which were frequently referred to by the interviewees. This was especially the case by those interviewees who worked in a company secretarial capacity. As with the evaluation themes in the previous section the decision was taken to make specific reference to both transparency and accountability in the illustrative model. Subsequent reviews of the coding places these themes at the centre of CSR development (although analysis also indicated these themes to be closely associated with the reporting and communication sections). As such they are illustrated in the framework as a continuous process in the development of CSR as a whole as per figure 10.3:

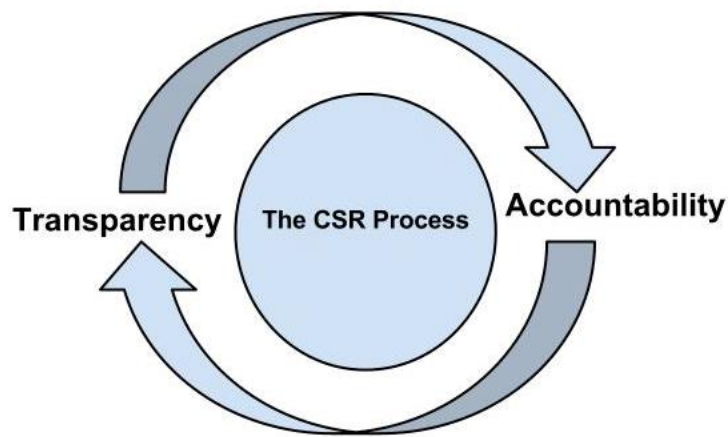


Figure 10.3 Transparency and Accountability

10.12 A Conceptual Framework for Managing the CSR Process in the Knowledge Intensive Services Sector

The final framework is a result of the combination of each of the categories and themes described in this chapter. As such there are four key stages to the process which have arisen from the axial coding stage. These are the stages of: Define, Design, Mobilise and Defend. These stages are developed and continuously evaluated through consultation, communication, and monitoring and review. This evaluation also serves to provide the necessary transparency and accountability of the CSR process.

The diagram below is representative of the CSR development process in its entirety as it has emerged from grounded theory.

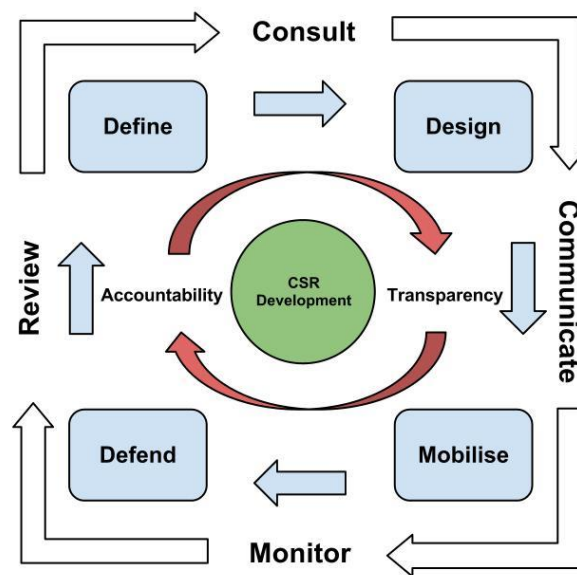


Figure 10.4 A Framework for the Management of the CSR process in the Knowledge Intensive Services Sector

The researcher acknowledges that taken on its own the above diagram could be applicable to any sector of industry and so the following supplementary propositions were developed to apply the process specifically towards the knowledge intensive services sector.

<i>Define</i>	<i>Design</i>
<u>Process</u> Recognition of Responsibility Commitment to CSR Policy Development Governance of Process Alignment of Business and Social Goals <u>Consideration</u> S.172 CA 2006 (or equivalent) <u>Stakeholder Involvement</u> Directors Senior Management	<u>Process</u> Gap Analysis Stakeholder Mapping Strategy Development Risk Management Regulatory Compliance Development of Key Performance Indicators <u>Consideration (ranked)</u> 1) Community Engagement 2) Environmental Impact 3) Employees and the Workplace 4) Corporate Governance 5) Philanthropy <u>Stakeholder Involvement</u> Directors Management Employees
<i>Mobilise</i>	<i>Defend</i>
<u>Process</u> Resource Management Stakeholder Engagement Communication and Reporting Partnership Collaborations Philanthropic Activities <u>Consideration</u> S.419 CA 2006 (or equivalent) <u>Stakeholder Involvement</u> Directors Management Employees Partnerships	<u>Process</u> Stakeholder Feedback CSR Measurement Internal Audit Third Party Audit Process improvement <u>Consideration</u> Global Reporting Initiative <u>Stakeholder Involvement</u> Directors Management Employees Partnerships Audit Partners

Table 10.3 Supplementary Propositions

10.13 Conclusion

This chapter presents a substantive theory of CSR as it exists in the knowledge intensive services sector. The emergence of this theory is the result of the categorisation, coding and analysis of the data collected throughout the course of this research and so presents an accurate account of the current state of the phenomenon.

The chapter has achieved the three objectives of grounded theory whereby the open, axial and selective coding stages have been completed. The characteristics of the emergent theory are such that they meet the requirements of 'good grounded theory' as stated by Locke (1996, p.240) in that they closely fit the substantive area studied and it is both 'understandable' and 'useable' by those in the situation studied whilst being 'sufficiently complex to account for a great deal of variation in the domain examined'. The grounded theory process has followed the procedures outlined by Strauss and Corbin (1990) and Yin's quality criteria of construct validity, internal validity, external validity and reliability were each considered and satisfied.

The next chapter focuses on the validation of the framework whereby the interviewees who enabled its development were presented with the framework as constructed in this chapter for the purpose of validation and (possible) refinement.

Chapter Eleven - Validating the Framework

'The framework works'.

- Nicholas Tetley Beazley, Bupa

11.1 Introduction

This chapter explains how the framework developed in the previous chapter was validated and refined through a series of further interviews and surveys. The objective of this chapter is to provide:

- 1) Further triangulation of the findings of the case studies.
- 2) Validation of the framework developed in the previous chapter.
- 3) Conceptual refinement.

In achieving this, two approaches were taken; interviews and surveys.

The first section of this chapter focuses on the findings of the interviews which were developed to gauge the respondent's perceptions of the framework. These interviews were conducted with representatives from each of the case studies whereby the framework was presented to each and followed by a semi structured interview in each instance.

The focus of the second section is on the findings of the surveys which were circulated to employees from each of the case studies of whom each made a direct contribution to their respective businesses CSR efforts. The surveys were designed to allow respondents to indicate their perceptions as to the effectiveness of the model and the potential contribution it could make to the CSR in the knowledge intensive services sector.

11.2 The 'Expert' Interviews

The interviews discussed in this section are referred to as the 'expert' interviews. A total of three of these interviews were conducted on a basis of one per case study. In each instance these interviews were conducted with the people closest to the CSR process and so regarded as 'experts' in the CSR process in their respective companies. The respondents identified for these interviews were:

- Bupa: Nicholas Tetley Beazley, Group Strategy Director and Company Secretary
- Clifford Chance LLP: Tom Dunn, Director of Pro Bono Services

- Computershare plc: Lucy Newcombe, Global Corporate Communications Director

Each of these interviewees had also participated in the interviews for the initial case studies and so were already familiar with the research objectives.

As with the case study section a semi structured approach was taken to the interviews in this validation stage. The decision to continue with this approach was due to its effectiveness in the earlier interviews and willingness of the respondents to elaborate on their answers.

The interviews themselves consisted of six sections. The first of these sections sought perception in general terms as to the relevance of the framework as a whole. This was followed by the separation of questions as they related to each section of the framework. The interviews concluded with a focus on the potential for the framework, the contribution it could make to the knowledge intensive services sector and its adaptability to other sectors of industry.

11.2.1 General Perceptions of the Framework

The interviews began with an inquiry into the interviewee's general perceptions of the framework and how it has been developed from the data gathered from their businesses. At this stage it was the intention of the researcher to ascertain whether the interviewees believed the framework to be representative of the approaches they have taken and whether they viewed the guidance it presented as appropriate to the knowledge intensive services sector. Each of the interviewees viewed the framework in a positive light and there was general agreement that it was broadly representative of the approaches taken by each of their businesses. NTB was the most succinct in his views and provided the quote seen at the start of this chapter: 'the framework works'. Both LN and TD were of similar view with LN stating that she would use the framework for the review of CSR at Computershare in 2014.

The interviewees were of the opinion that the key areas of Define, Design, Mobilise and Defend were appropriate and for the most part the terms used to describe them demonstrated an intuitive approach to the CSR process which provided for the tracking of progress whilst also offering opportunity for continuous review. There was general agreement that the framework could be used for businesses beginning the CSR process or for those (like Computershare) that were planning a review and re-structure of their efforts. The structure offered by the framework was deemed worthy of specific comment, the most notable of which came from NTB who commented that 'Bupa could have done with this four years ago'.

There was a commonly held view that there was an increasing expectation in their industries for a demonstration of stakeholder consideration. When asked if the framework, if implemented, would demonstrate a sincere commitment to a stakeholder focused approach to governance, there was unanimous agreement that this was the case. LN claimed that any business willing to invest the time, effort and resource required to implement the CSR process as dictated by the framework would have no problem in claiming stakeholder consideration in the conduct of their business. It was for this reason that she thought that the framework was necessary and would make a significant contribution to CSR at Computershare.

There was also general agreement that the level of external stakeholder engagement as illustrated in the framework was appropriate. There was an initial concern with this on the part of the researcher that this may not be the case due to the majority of literature in chapter two espousing external stakeholder consultation across the entire process. However, the interviewees, in this case felt this was not necessary in the developmental stages of the process as it was felt that there might be a conflict in the requirements of stakeholder and that of business objectives. The reluctance for the involvement of external stakeholders in these stages is largely due to the idea that at this stage management are best placed to know what is best for their businesses and that if stakeholders were to become involved, an expectation may be created that might not necessarily be possible to meet. The general assumption, as presented in the framework, was that the CSR pathway be developed in-house before being presented to the stakeholders. It was felt that only at this stage would it be appropriate for stakeholder input, but from then on it would be actively encouraged both for the purpose of enhancing and reviewing the CSR process.

To summarise this section on general opinion, it is submitted that there was a high level of support for the framework that was presented to the interviewees. There was an agreement across the board that there was a need for such a framework and agreement that the framework developed through this research was suitable to meet this need.

What follows is a presentation and analysis of the opinions of the interviewees across each of the four key stages of the framework.

11.2.2 Define

The define stage sets out the initial processes as they arose from the data whereby a business commits to CSR and develops the foundations upon which their efforts will be based. The differences between the framework and the conceptual framework seen in chapter three are immediately apparent in that each of the case studies opt for an in-house approach to development. In doing so they avoid the use of external stakeholders at this stage, preferring to

rely on internal expertise. In general CSR terms this might be seen as a business missing an opportunity to gain a greater understanding of stakeholders needs, but in the case of the knowledge intensive services sector where stakeholder expectation for CSR remains minimal and guidance on approach is lacking, all three of the interviewees are confident that their in-house approaches are appropriate.

There was a general feeling that CSR was essentially viewed as a business strategy that it should be kept in-house until the level of investment both financial and otherwise had been defined. Of the three case studies Bupa is the most obvious example of this where having briefly flirted with external consultants went on to utilise skills from their communications, HR, marketing and company secretarial functions to develop a bespoke strategy that linked closely to their core business. Whilst admittedly this process took longer than initially expected, NTB is confident that it was the correct approach and thus confident that the position as reflected in the framework is relevant. Both LN and TD also agreed with this position with TD commenting that 'we know what is best for our business'.

Each of the interviewees were confident that the points set out in the process reflected both their expectations and experience of the early stages of a formal CSR process. They also welcomed the inclusion of S.172 as a consideration as none had paid sufficient attention to it in their process but all now appreciated its value.

11.2.3 Design

Designing an appropriate approach to CSR can be a difficult task (as evidenced by Bupa) and setting clear objectives from the outset helps to minimise deviation from the focus set out in the define stage. While the process element of this stage may be interchangeable with other industries it is the focus areas that have the potential to confuse and hinder. Whilst all of the areas highlighted for consideration may not be fully addressed in the CSR policies of each case study each of the interviewees were comfortable that they were an appropriate reflection of areas that would be expected to be addressed in the knowledge intensive services sector and whilst the ranking would depend on the nature of the individual business, it was appropriate in general terms.

The inclusion of philanthropy in CSR consideration might ignite debate in some quarters where there is an argument that CSR and charity should be distinguishable (Russian Managers Association, 2008; Koch, 2007). However in each of the three case studies philanthropy formed an integral part of the CSR programme. LN was especially vocal as to its importance to her company stating that 'it is a valuable part of CSR at Computershare as we are limited by

comparison to other industries as to where we can focus our CSR efforts and so philanthropy or charity offers us a significant opportunity to do good’.

Whilst the involvement of stakeholders at this stage is still relatively minimal in comparison to that of the conceptual framework it is extended on an internal basis whereby each of the case study organisations surveyed employee opinion on CSR. All three of the interviewees felt that again this was an appropriate level of involvement for stakeholders. LN in particular was confident that this added value to the process by involving employees and so familiarised them with the company’s intentions and allowed them the potential to influence the direction of CSR. There was also general agreement towards the positioning of stakeholder mapping with NTB commenting that having this in the design stage allowed for the development of a solid foundation before ‘going live’ with external stakeholder engagement in the mobilisation stage which follows.

11.2.4 Mobilise

This stage of the framework is representative when the CSR process moves beyond planning and devising and into the public domain. It is at this stage that the business communicates its intentions to their external stakeholders and CSR becomes a reality.

The interviewees viewed this stage of the framework as providing a necessary structure to the mobilisation of CSR. The areas highlighted in the process section were considered by all to provide high level guidance for the practical implementation of CSR. NTB stated that ‘all the necessary areas for getting things moving were present’. LN stated that this stage was ‘crucial to the success of a CSR and this is when your CSR intentions are introduced to the world’ it was because of this that she approved of the combination of process and how their interaction ensures a robust implementation. TD was also positive about the benefits of this stage and commented that ‘although the headings in this area can probably be applied to most industries all the guidance provided is necessary’.

The inclusion of S.419 CA 2006 as a consideration at this stage of the framework was also welcomed by the interviewees as each had conceded in previous interviews to not being aware of its requirements when developing their respective strategies.

The level of stakeholder engagement increases significantly at this stage which all three of the interviewees agreed was necessary.

11.2.5 Defend (Enhance)

The fourth stage of the framework focused on the refinement of the process, the objective at this stage is to highlight areas of success and area that need improvement. This stage advocates a combination of measurement, stakeholder feedback and internal audit to achieve this. This stage also met with a positive response with the interviewees but there was one area which they highlighted for concern. The focus of this concern was on the title of the stage 'Defend' both NTB and LN made the argument that this term gave off negative connotations that were not consistent with the ethos of CSR. NTB made the point that 'CSR is a positive thing and so should be described as such'. LN argued that the use of defend as a descriptor 'might be construed as having something to hide or as to not being confident in your efforts'. These arguments were the catalyst to the researcher's decision to substitute the word term defend with that of 'Enhance'.

The Global Reporting Initiative is included as a consideration at this stage as both Clifford Chance and Computershare suggested that at least part of it could be used in future reviews of their processes. All three of the interviewees approved of its inclusion for reference.

The level of stakeholder involvement is at its highest at this stage. External stakeholder feedback offers an independent critique of the process. This coupled with an internal audit provides for a robust review which is necessary for a credible CSR process.

11.2.6 Concluding Comments from the Interviewees

The final stage of the validation interviews offered the opportunity for interviewees to identify areas of the framework that they felt could be amended. None of the interviewees felt that any further amendment was necessary. Each agreed that it was broadly representative of their businesses individual approaches and that it provided a level of guidance that had previously not been available to them. LN felt that although the framework was developed in part from the approach taken by Computershare, the end product offered her the 'structure and clarity' that would be required by the company for her review in 2014. TD was confident that the framework satisfied the need for transparency and accountability in the CSR process and was also confident that it offered an opportunity for compliance with S.172 of the CA 2006. NTB was impressed with the level of systematic guidance offered by the framework and while he was confident in the approach now taken by his company he could see the potential for this framework being the basis for a review of this approach. NTB concluded his interview with the reiteration of his earlier comment 'the framework works'.

11.3 The CSR Professional Survey

The CSR professional survey forms the second phase of the validation of the framework. These surveys were designed with the objective of gathering opinion as to the effectiveness of the framework. This opinion was sought from a targeted population which consisted of those employees in each of the three case studies that were close to the actual day to day implementation of CSR. These employees ranged from dedicated CSR professionals to those that sit on the global CSR committees.

The survey consisted of six sections, each of which consisted of three rating questions in relation to each topic. A five point Likert scale was provided after each question based on a sliding scale where one represented strong disagreement and five represented strong agreement with the statements. The focus of the six sections related to:

- 1) Structure
- 2) Stakeholder consideration
- 3) Long term sustainability
- 4) Risk management
- 5) Balanced approach to the CSR process
- 6) Role in promoting a culture of CSR

A total of 11 surveys were completed and returned, all of which had been answered completely. The breakdown of received completed surveys is as follows:

- Bupa: 3
- Clifford Chance: 1
- Computershare: 7

As the focus of these surveys was on the framework itself it was decided that to base the analysis on the surveys as a collective. As such the following analysis is based on all 11 responses. The numerical analysis for each section is displayed by way of bar chart where the results for each of the three questions are displayed on the same bar chart.

11.3.1 The Framework Provides for a Structured Approach to CSR

The focus of section one of the survey was directed at the framework providing a 'structured approach' to the CSR process. The first two statements sought opinion on the clarity of the stages

identified and the third statement sought opinion as to whether the framework provided for a measurable implementation of the CSR process.

Section 1 - Structured Approach

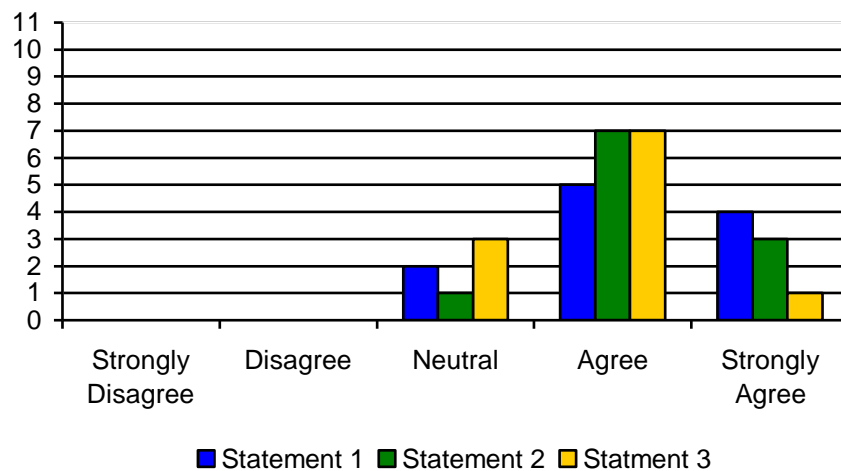


Figure 11.1 The framework Provides for a Structured Approach to CSR - Survey Results

The first statement of section one queried if respondents felt that the stages of the CSR process were clearly defined. Calculation of the modal value for this question reveals the majority (five) of the respondents to be in agreement with this statement. A further four respondents were in strong agreement with this statement and so the vast majority of respondents agree that the framework clearly defines the stages of the CSR process. Both of the remaining respondents were in the neutral category and none were in disagreement.

The next statement in this section further queried the clarity of the framework by querying the clarity of the focus areas outlined in the table that accompanies the framework. Calculation of the modal value in this respect again shows the majority (seven) of respondents to be in agreement as to the clarity of the framework in this respect. A further three were in strong agreement that this is the case with the remaining respondent being neutral. As with the first statement none of the respondents were in disagreement.

The final statement in this section queried whether the framework allowed for the measurable implementation of the CSR process. Calculation of modal value in this respect shows seven of the respondents to be in agreement and one as being in strong agreement with the remaining three opting for the neutral category. None of the respondents were in disagreement.

The modal value for each of the statements was firmly in the 'agree' category for each of the three questions and so reveals a broad level of support for the structure of the framework and the clarity it provides.

11.3.2 The Framework Provides for Stakeholder Consideration

The focus of the second section of the survey was directed towards the ability of the framework to provide for stakeholder consideration. The first statement sought opinion as to whether the framework promoted transparency which is necessary to demonstrate stakeholder consideration. The second and third statements relate to the identification of stakeholders and the enablement of their participation as appropriate to their industries.

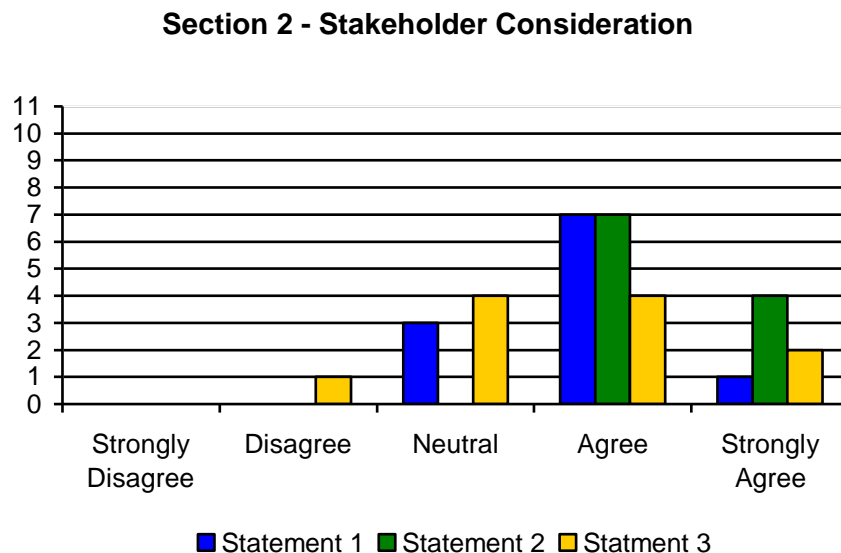


Figure 11.2 The Framework Provides for Stakeholder Consideration - Survey Results

The first statement in this section related to the frameworks potential to promote transparency and calculation of the modal value revealed the majority of respondents (seven) to be in agreement with this statement. One of the respondents was in strong agreement with this statement while the remaining three were neutral. None were in disagreement.

The next statement relates to the identification of key stakeholders in the table that accompanies the framework and seeks opinion as to the appropriateness of these. The calculation of the modal value in this respect revealed all respondents to be in either agreement (seven) or strong agreement (four).

The final statement asked if the framework promotes ongoing participation of stakeholders across the CSR process. Calculation of the modal value revealed an equal split between those being neutral (four) and those in agreement (four). Two respondents were in strong agreement that this was the case, however one respondent disagreed with this statement.

The modal value demonstrated a high level of agreement with the first two statements however opinion was relatively divided on the third statement which might be down to the later involvement

of stakeholders in the CSR process in knowledge intensive services sector as opposed to other sectors of industry as previously discussed.

11.3.3 The Framework Contributes to the Long Term Sustainability of the Business

The focus of section three was directed towards the contribution that the framework could make towards sustainability in the long term. The first statement focuses directly on this while the second and third statements relate to the management and review of the process.

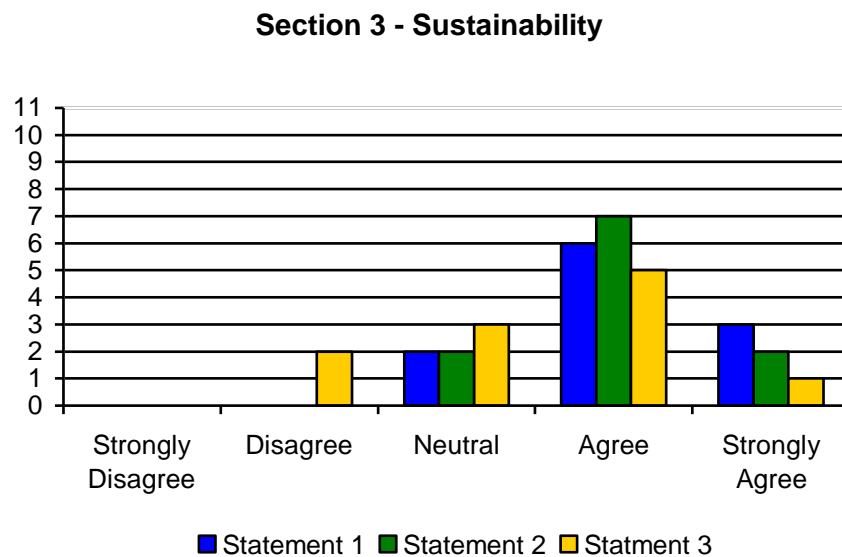


Figure 11.3 The Framework Contributes to the Long Term Sustainability of the Business - Survey Results

The first statement in this section focuses on whether the framework provides for a solid foundation for CSR. Calculation of the modal value shows the majority (six) of the respondents to be in agreement and three to be in strong agreement that this is the case. Two were neutral and none disagreed.

The second statement focused on the frameworks contribution to the effective management of the CSR process. The modal calculations showed a high level of agreement with this statement with a majority of seven respondents being in agreement and two being in strong agreement, the remaining two were neutral with none being in disagreement.

The third statement sought to determine whether respondents felt that there was appropriate opportunity in the framework for the monitoring and review of the CSR process. The majority (five) of respondents agreed with this statement with one more being in strong agreement. However, in this instance three remained neutral and two disagreed with the statement.

The opinion received was broadly supportive of the proposal that the framework can contribute to the long term sustainability of a business. Whilst this certainly appears to be the case with regard to providing the foundations for CSR and enabling the effective management of the process there was some disagreement as to whether there is enough opportunity for feedback. This may be related to feedback not being sought until the later stages of the process.

11.3.4 The Framework Acts as an Effective CSR Related Risk Management Tool

The focus of the fourth section of the survey was directed towards the effectiveness of the framework as a CSR related risk management tool. The statements considered here relate to social and environmental performance, compliance with S.172 CA 2006 and the management of corporate reputation.

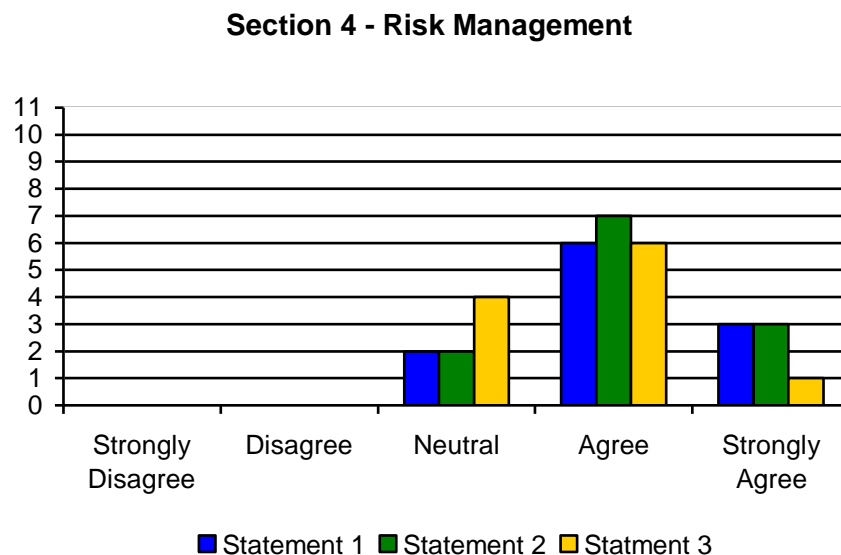


Figure 11.4 The Framework Acts as an Effective CSR Related Risk Management Tool - Survey Results

The first statement in this section relates to the framework providing for the greater scrutiny of social and environmental performance. Calculation of the modal value in this respect showed the majority (six) to be in agreement. A further three were in strong agreement whilst two remained neutral. None were in disagreement.

The next statement sought opinion as to whether the framework ensured compliance with S.172 CA 2006 which requires directors to 'promote the success of the company for the benefit of its members as a whole'. The majority (seven) of opinion believed this to be case with a further two being in strong agreement. Two remained neutral and none of the respondents disagreed with the statement.

The final statement in this section relates to whether the framework can help manage reputational risk. The modal value in this case showed a majority in agreement (six) and one in strong agreement. Four respondents chose the middle ground on this statement and none were in disagreement.

The modal value for each of the statements in this section shows agreement for each of the three statements. The highest being in relation to compliance with S.172 CA 2006 and the lowest relating to reputational management and so it is concluded that the framework does provide an effective CSR related risk management tool.

11.3.5 The Framework Ensures a Balanced Approach to CSR

The fifth section of the survey queries whether respondents view the framework as providing a balanced approach to CSR. The statements in this section relate to managing impact on stakeholders, being consistent with the expectations of CSR and being consistent, where applicable with the directives found in other guidance.

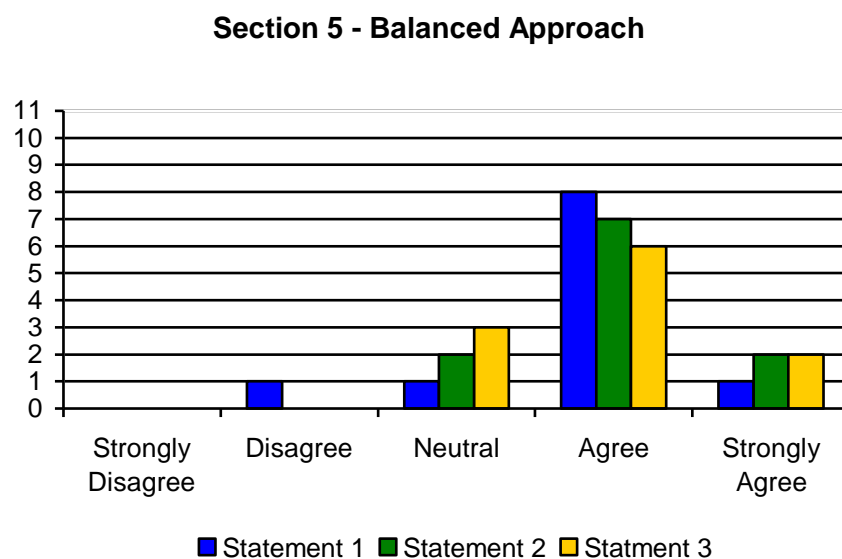


Figure 11.5 The Framework Ensures a Balanced Approach to CSR - Survey Results

The first statement in this section relates to the frameworks ability to enable the achievement of business objectives in a responsible way whilst minimising the potential for adverse impacts on stakeholders and maximising the potential for positive impact. The calculation of the modal value in this respect revealed a resounding majority (eight) to be in agreement and one being in strong agreement. One respondent remained neutral and one disagreed with this statement.

The second statement focuses on the framework being consistent with the expectations of what CSR should provide. The majority (seven) of respondents in this respect were in agreement that

this is the case, with a further two being in strong agreement. Two respondents remained neutral and none were in disagreement.

The final statement sought opinion on the consistency of this framework with CSR codes and principles. Calculation of the modal value again found a majority (six) to be in agreement with a further two respondents being in strong agreement. Three remained neutral and none were in disagreement.

The modal value in each case for this section showed the majority of respondents to be in agreement with each of the statements thus reflecting a majority support for the assertion that the framework provides for a balanced approach to CSR.

11.3.6 The Framework is a Useful Tool for the Integration of CSR into the Culture of a Business

The final section of the survey deals with the usefulness of the framework to the integration of CSR into the culture of a business. The statements relate to the use of CSR in practice, policy and strategy, the adaptability of the framework and the implementation of CSR across all levels of a business.

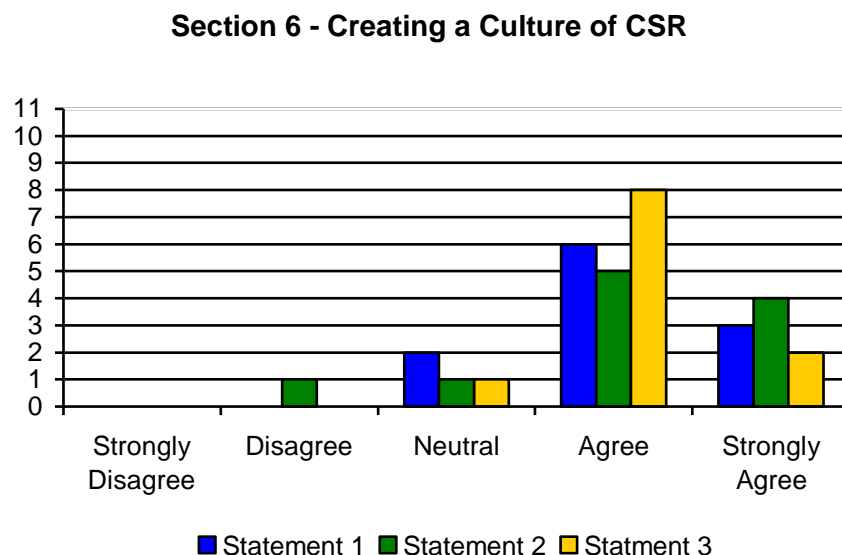


Figure 11.6 The Framework is a Useful Tool for the Integration of CSR into the Culture of a Business - Survey Results

The first statement in this section sought opinion as to whether the framework promoted the inclusion of CSR in business strategy and policy and was included in business practice. The modal value showed agreement in this respect with a majority (six) agreeing that it did with a

further three respondents being in strong agreement. Two remained neutral and none of the respondents disagreed with the statement.

The next statement in this final section focused on the adaptability of the framework to the requirements of specific industries. Calculation of the modal value for opinion related to this statement showed the majority (five) to be in agreement and a further four respondents as being in strong agreement. One remained neutral and one disagreed with the statement.

The final statement sought opinion as to whether the framework provided for the implementation across all levels of the business. The modal value revealed the majority (eight) to be in agreement and a further two to be in strong agreement. One remained neutral and none of the respondents disagreed with this statement.

The modal value for each of the statements of the final section showed a general agreement with the assertion that the framework provides for the integration of a culture of CSR into business.

11.4 Concluding Analysis on the Results of the Professional Survey

The design of the CSR professional survey was such that it would illicit levels of opinion as to the applicability of the CSR framework in a 'real life' context. The six sections allowed for respondents to provide for the extent of their agreement and disagreement in relation to each of the statements made. An overall analysis of the responses reveals a broad level of agreement across each of these sections and each of the statements.

The modal value for each statement places in the agreement section and so it can be concluded that from the perspective of those closest to CSR in each of the case studies, the CSR framework:

- Provides for a structured approach to CSR.
- Provides for stakeholder consideration.
- Contributes to the long term sustainability of the business.
- Acts as an effective CSR related risk management tool.
- Ensures a balanced approach to CSR.
- Is a useful tool for the integration of CSR into the culture of a business.

In terms of validation for the CSR framework, the results of the surveys show the framework to be both a relevant and useful CSR management tool.

11.5 Concluding Remarks from the Validation

As stated at the beginning of this chapter, this stage of the research was developed to achieve the following objectives:

- 1) Further triangulation of the findings of the case studies.
- 2) Validation of framework developed in the previous chapter.
- 3) Conceptual refinement.

Further triangulation of the findings of the case studies was achieved through the presentation of the framework developed from the case studies to key members of each case study subject. The acceptance of the framework by both interviewees and survey respondents served to achieve the objective of final stage triangulation.

Validation of the CSR Framework was also sought from both interviewees and survey respondents. The interviewees were guided by semi structured interviews and encouraged to critique the framework as they saw fit. The overwhelming majority of comment was positive with each of the interviewees enthusing as to the potential benefits for the future implementation and refinement of CSR across the knowledge intensive services sector. The high level of agreement with the statements presented to the survey respondents also serves to provide further validation whilst also supporting the validation received from the interviewees.

The final objective of this chapter was to identify areas of the framework that might need refinement. It was anticipated that this could be achieved explicitly from the interviews and implicitly from the surveys from the different levels of agreement. One area for refinement was highlighted during the interviews and none arose from the surveys due to the high level of agreement throughout. The area highlighted from the interviews and discussed in section 12.5.5 was that of the title for the fourth stage. The arguments put forward for this by the interviewees were valid and so it was decided to proceed with changing the title of the fourth stage of the framework from Defend to Enhance. Therefore the final illustration of the framework is presented below:

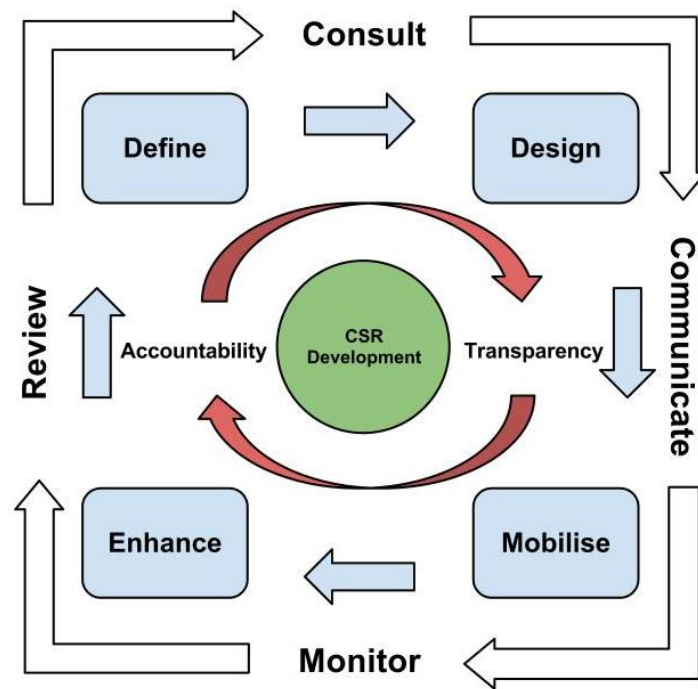


Figure 11.7 Illustration of the Refined Framework

In summary of this chapter, it can be stated that each of the objectives were achieved and the combination of interviews and surveys provided for engagement with two sets of audiences. The responses from both of these audiences combined to ensure that the CSR framework is both valid and relevant and can be considered to be an effective CSR management tool.

Chapter Twelve - Conclusion

'The social responsibility of business encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organizations at given point in time'.

- Carroll (1979, p.500)

12.1 Introduction

The previous three chapters present the findings of the research. This chapter concludes the thesis and draws together a summary of the research in its entirety. It does so by revisiting the objectives set out in chapter one and cross linking between the beginning and end of the research as suggested by Trafford and Lesham (2008). This is followed by discussion of the knowledge attained and an examination of the research in relation to its contribution to academic knowledge and its practical application to industry. This examination also includes discussion in relation to the limitations of the research.

12.2 Summary of the Research

The broad aim of this research was to examine approaches taken to managing the CSR process in the knowledge intensive services sector. More specifically, the research sought to develop an integrative, conceptual and operational framework for the purpose of guiding decision-makers in their formulation of systematic, executable CSR policies and practices. This framework is supplemented by a set of propositions developed in tandem to influence the development of CSR strategies for the knowledge intensive services sector.

The research consisted of three key stages. The first of these is the introductory stage which consists of the introductory chapter where the background to the research question is explained and the research objectives are set, this is followed by the literature review which explains the move towards stakeholder governance and current thinking on CSR. A Framework is then derived from existing literature and presented. The introductory stage concludes with the methodology chapter which explains the choice of a predominantly qualitative methodological approach based on a multi method design.

The second stage consists of an introduction to the case studies and an explanation of how they were chosen. This is followed by a chapter on each, designed to provide an insight into the motivations, processes and challenges of implementing CSR in a knowledge intensive services environment. This section concludes with a chapter which draws key conclusions from the case study chapters.

The third and final stage of the research begins with a chapter which tracks the development of the CSR framework from grounded theory. The resultant framework is then validated through further engagement with interviewees and survey respondents from the case studies. The thesis is then concluded by the following sections of this chapter.

12.3 Summary of Conclusions

The knowledge intensive services sector has witnessed unprecedented growth in recent times to the point where they are viewed as one of the main engines for future growth within the European Union (Gotsch *et al.*, 2011). Recent times have also seen the emergence of CSR to its now prominent position (Dawkins and Lewis, 2003; Crane *et al.*, 2008) however as the literature review reveals the correlation between the two has remained distant and until now under researched.

The subjects of the case studies in this research are representative of the globalisation of the knowledge intensive services sector and are considered global leaders in their respective industries. Occupying these positions in a time where corporate governance is an almost ever present topic of debate has meant that each of the case study subjects has had to review their governance approaches. In each case there has been a significant refocus towards stakeholder accountability which has been accompanied by the development of comprehensive CSR programmes. The continued growth of these industries along with the increasing expectation for effective CSR (Dawkins and Lewis, 2003) and the introduction of statutory requirements such as S.172 CA 2006 ensures that CSR in the knowledge intensive services sector can no longer be viewed as optional or something that can be covered by a paragraph in an Annual Report.

The study of the case studies subjects has developed an understanding of the perception of CSR in these sectors of industry and it is fair to state that CSR is now viewed as necessary not only because of the points mentioned above but also because it is important to the sustainability and continued growth of these businesses. Therefore this research can conclude that the framework developed through this research represents a valuable contribution to knowledge in that it provides a structured approach to the CSR process which has been developed specifically for the knowledge intensive services sector and validated by those at the forefront of this sector.

What follows is a summary of conclusions as they relate to the objectives outlined at the beginning of this research.

12.3.1 Primary Objective

The primary objective of this research was the development and validation of a conceptual framework to guide the CSR process for the knowledge intensive services sector. The complex nature and variety of interpretations of CSR as a concept ensured that the first steps towards achieving this objective were to determine whether such a framework with the necessary specifics could be developed. CSR in general terms can suffer from 'diversity and overlap in terminology' (Van Marrewijk, 2003, p.96) and confusion can arise as to what is required for a successful CSR strategy. This issue was discussed in the introductory chapter and posed a potential challenge to the primary objective.

Early stage research into each of the case studies revealed a consensus of understanding despite differing CSR labels and approaches by each of the case studies that were conducive to the development of an integrative and robust framework. Further analysis of the case studies revealed a significant level of appreciation of the challenges posed by the implementation of stakeholder focused governance, as well as sufficient levels of investment by each to demonstrate a sincere commitment to CSR. This analysis confirmed the viability of case studies for the development of the CSR framework.

Further in-depth exploration of the case studies provided sufficient data for the grounded theory process and further confirmation that the development of an integrative, conceptual and operational framework was possible. The resultant framework and propositions were presented for refinement and validation to the subjects of the case studies. The necessary validation was received through a significant level of positive feedback along with suggestion for a minor refinement which was applied. Therefore it is concluded that the development and subsequent validation of the framework along with its accompanying set of propositions has ensured that the primary objective of this research has been achieved.

12.3.2 Supplementary Objectives

The following is a presentation of the conclusions as they relate to the supplementary objectives outlined in section 1.2 of this research.

12.3.2.1 Objective One - To Critically Evaluate Current Approaches to CSR in the Knowledge intensive services sector

The research focused on the approaches of three high profile operators in knowledge intensive services sectors of insurance, law and investment services. The approach of each was evaluated

in terms of activity, perceived responsibilities, strategy and influence and how these were manifested in CSR programmes.

The critical analysis of the approaches concluded that in each case the CSR approaches are robust, well thought out and structured so as to complement and enhance business activity. There was a broad level of appreciation from the respondents across each of the case studies as to their respective company or firm's investment in CSR. In terms of the development of a CSR framework, there was ample evidence to suggest that each of the approaches could make a significant contribution to the development of the framework.

It is concluded that in respect of the current approaches evaluated that CSR is now viewed as an integral part of the business and in each case necessary to long term sustainability. Chapters six, seven and eight provide an in-depth analysis of these approaches whilst chapter nine draws key conclusions.

12.3.2.2 Objective Two - To Determine the Appetite and Expectation for Stakeholder Focused Governance in the Knowledge Intensive Services Sector

Analysis in relation to the appetite and expectation for stakeholder focused corporate governance in the knowledge intensive services sector reveals an increasing appreciation for the importance of stakeholder accountability. That said it is unlikely that this appreciation will lead to the balance sought by Freeman (1984) rather it is more reflective of the enlightened shareholder value approach and indeed the requirements of S.172 CA 2006.

Interviewees in each case emphasised the importance of stakeholder accountability to the long term success and sustainability of each of their companies. This was also the case with the survey respondents whose responses indicate a high level of support for the claims of the interviewees which in turn indicates a high level of expectation from internal stakeholders. So far this expectation has not been replicated by external stakeholder, however there was anticipation that this is now changing. The thus far lack of external stakeholder expectation has not curtailed the appetite for CSR in each of the case studies as each has thus far demonstrated a significant commitment through investment, strategy and ongoing programmes.

It is concluded that in relation to this objective that there exists a significant and growing appetite for CSR in the knowledge intensive services sector and whilst expectations currently vary in relation to stakeholder groups there is a consensus that these expectations will continue to increase.

12.3.2.3 Objective Three - To Evaluate Responses to Constraining and Enabling Characteristics of CSR in the Knowledge Intensive Services Sector

The evaluation of the responses to both the constraining and enabling characteristics in the case studies revealed the following:

In relation to constraints such as the lack of guidance and lower stakeholder expectations it was found that the case studies had responded by choosing to develop their own in-house CSR strategies where in the absence of stakeholder suggestion and formal guidance they relied on internal management of strategy. The response in each case has been for the most part successful. Two of the three case studies (Bupa and Computershare) admitted that an initial lack of guidance had been a hindrance however, both are now confident that they are now on the right track.

In relation to enabling characteristics it can be argued that the most prominent of these has been the foresight of senior management in each of the case studies for recognising the value that CSR can bring and investing in its development and implementation, despite being under little pressure to do so. Another enabling characteristic is that of the freedom for creativity that the lack of stakeholder pressure can bring. None of the case study subjects were pressured into CSR which has enabled creativity in their approaches. The most notable of these being Bupa's highly bespoke Well World programme.

The evaluation of both constraining and enabling factors has been thorough throughout this research and both played an important part in shaping the approaches of the case studies and so their impact is inherent throughout the CSR framework.

12.3.2.4 Objective Four - To Explore the Potential Role and Implications of a CSR Guidance Framework for the Knowledge Intensive Services Sector

The potential role of the CSR framework is ultimately that of a CSR Management tool for the knowledge intensive services sector. An explanation as to why it is needed begins in section 1.3 and runs throughout the thesis. The framework, along with its supplementary propositions effectively signposts the CSR process. It has been developed from existing successful programmes and constructed in a systematic manner to provide a step by step guide for businesses which to create and/or amend their CSR approaches. Its role is primarily one of guidance of process whilst also potentially facilitating statutory compliance with the requirements of S.172. CA 2006.

The implications for the knowledge intensive services sector are such that this framework provides the necessary structure for the CSR process that until now has been lacking. In terms of implications on an individual basis, the most valuable will be in terms of minimising the potential for time-wasting in CSR development as was evident in the early stages of Bupa's process. In broader terms the framework can allow for businesses and entire sectors of industry to fulfill their potential in terms of stakeholder management and creating social value.

12.4 Concluding Comment on the Research Objectives

The achievement of the primary and secondary objectives of this research are the result of high levels of engagement with the interviewees and survey respondents from each of the case studies. These provided the necessary levels of insight required for the collection of high quality data which in turn was interpreted by the researcher to develop the CSR framework. Having achieved these objectives the research can conclude that the resultant framework is both well developed and robust and capable of providing a necessary structure which can aid the development of innovative CSR programmes which can be effective in creating both business and social value.

12.5 Contribution to Knowledge

The contribution(s) to knowledge from this research are two fold in that there is the academic contribution and the practical contribution. What follows is a summary of both.

12.5.1 Academic Contribution

In terms of a contribution to academic knowledge this research contributes both in terms of Corporate Governance and CSR. In terms of Corporate Governance, it confirms a move away from the shareholder value model and towards a more stakeholder focused approach to governance with a particular focus on enlightened shareholder value in the knowledge intensive services sector.

This move signifies a change in long standing corporate attitudes with businesses now viewing themselves as much more than vehicles for profit but rather (corporate) citizens that contribute in a variety of ways to society. The revaluation of the purpose of business has long been debated (Berle v's Dodd and Friedman v's Freeman) however it does seem that at least in the subjects of the case studies that they have chosen their side and opted for stakeholder consideration.

The move towards an enlightened shareholder value focused approach is reflected through policy, strategy and investment in CSR as seen in each of the case study subjects which also provides for

the contribution to knowledge as it relates to CSR. The research highlights a clear inter-relation between CSR with key aspects of corporate activity such as culture, strategy, marketing, communications and human resource management.

The framework itself provides for a significant academic contribution to CSR theory in that much of existing theory relates to CSR in the wider context and where it is more specific, the focus tends to be on the more invasive industries. This framework provides for an understanding of the CSR process as derived from existing successes therefore having the potential to influence future CSR related projects and teaching.

12.5.2 Practical Contribution

In terms of a practical contribution, the proposed framework provides for a greater understanding of the CSR process for decision makers and those tasked with managing the CSR process. The framework acts as a CSR management tool capable of guiding the process in its entirety, whilst allowing for continuous improvement and audit.

To further illustrate the practical contributions of this research, Carroll's Pyramid of Social Responsibility (Carroll, 1979) is revisited and its four components used to facilitate the explanation.

Economic

The economic benefits of CSR are well documented (Tsoutsoura, 2004; Nelling and Webb, 2009) and so effective CSR programmes can play a key role achieving economic success. The framework provides guidance towards achieving this necessary effectiveness through the provision of a structure geared towards enlightened shareholder value.

Legal

In terms of a legal contribution, this research was undertaken with compliance with S.172 CA 2006 as a key objective. The requirements of S.172 provided guidance on what should be expected from CSR and the resultant framework has led to at least two of the case studies (Bupa and Computershare) reviewing their existing programmes with a view to compliance.

Ethical

Whereas this research does not make a specific contribution to ethics as such, it does provide an insight into ethical considerations for businesses operating in the knowledge intensive services sector. This is highlighted by the consideration of societal and environmental impact, as well the wellbeing of workforces.

Philanthropic/Citizenship

There are some that argue against the inclusion of philanthropy in the CSR process (Rosen, 2011; Hopkins, 2012), however the findings of the case study show that philanthropy remains a key component of CSR for the knowledge intensive services sector, with each of the case studies having dedicated philanthropic foundations. The contribution in practical terms for philanthropy is through the continued espousal of charity as a key part of the CSR process.

In terms of citizenship, the contribution of this research is through enablement. The framework provides an opportunity for businesses operating in the knowledge intensive services sector to address their societal responsibilities.

The practicality of the framework that has been developed and presented in this thesis is such that in its current form it is ready to be used in 2014 by Computershare.

12.6 Limitations of the Research

As with all research, this study has been subject to limitations. Whilst the majority of methodology limitations have been dealt with in chapters four and five the following is a summary of some of the more noteworthy.

As the focus of this research is directed towards the knowledge intensive services sector which accounts for a substantial part of western economies, it may be argued that the findings in relation to a limited number of case studies may not be generalisable across the knowledge intensive services sector in its entirety. In an effort to address this, the case studies were selected from different sectors so as to increase the applicability of the findings.

There are also limitations in relation to the methods of data collection in relation to the potential for bias and in particular the potential for social desirability bias where participants might have felt it necessary to present a favourable image of themselves or indeed their company (Johnson and Fendrich 2005).

In terms of limitations in the interview process, it could be argued that as the interviewees were senior level employees they were always likely to provide for a good impression of their business. This might be especially true given their personal involvement with the development of their respective CSR programmes. In an effort to overcome this, careful consideration was given to the wording of the interview questions and establishing rapport as per the recommendations of Nederhof (1985).

In terms of the survey process, social desirability response bias can affect the validity of a questionnaire (Huang *et al.*, 1998). In an effort to minimise this, respondents were offered anonymity as per the recommendation of Grimm (2010) and again careful consideration was given to the wording of the questions as per the recommendations of King and Bruner (2000).

Whilst the researcher recognises that limitations do exist, every effort was taken to address these as they presented themselves. These efforts included the decision to employ a multi method design, the choice of multiple case studies, each of whom operate in different sectors of the sector of industry and the constant comparison and triangulation of data.

12.7 Implications for Further Research

Through achieving the objectives set out in chapter one, there is now a higher level of understanding of the CSR workings in the knowledge intensive services sector. The framework provides the high level guidance necessary for effective CSR with the supplementary propositions providing further guidance. In terms of further research the opportunity exists for the provision of further guidance on the implementation of CSR for the knowledge intensive services sector and so exists the opportunity for the development of a guidebook to accompany the framework.

An expansion on this research would be the long term testing of the framework over a period of years to determine the challenges and benefits of its implementation. There is the potential for this undertaking due to Computershare's decision to utilise the framework.

There is also the potential for guidance tailored specifically for individual sectors for example 'CSR Guidance for the Legal Industry' where the case study of Clifford Chance could be used as the basis for further research.

Other areas for potential research focus on the role of the stakeholder in the CSR process in the knowledge intensive services sector. Each of the case studies anticipate in the future high levels of stakeholder expectation and even pressure to implement CSR and so exists the opportunity for further research.

CSR as a concept continues to evolve but in relative terms CSR for the knowledge intensive services sector is still in the early stages of development. This research provides a basis for the further development of empirical work, both qualitative and quantitative, relating to CSR and how it relates to businesses that the researcher has defined as being minimally invasive.

12.8 Summary

To summarise, this research set out to study current CSR practices in the knowledge intensive services sector with the objective of developing a conceptual framework to provide guidance to future CSR endeavours in this sector. In doing so it has answered a call from both industry and academia to provide a more detailed understanding of the phenomena. It is concluded that CSR is increasingly viewed as being absolutely necessary to the long term sustainability of business and is being willingly embraced by key decision makers across the knowledge intensive services sector. It is further concluded that stakeholder accountability is high on the corporate agenda and this coupled with the statutory requirements of S.172 CA 2006 ensure the relevance and contribution of the framework and its supplementary propositions that have been developed through this research.

The framework presented in this research can contribute to the re-definition of the corporate purpose by assisting decision makers in their creation of effective CSR policies and strategies. The findings of this research can help to remove doubt as to the purpose of CSR itself and so reveal it to be a force for change in how we do business.

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